联洋智能

PAD

Pan Asia Data Holdings Inc.

聯洋智能控股有限公司

(Formerly known as Manfield Chemical Holdings Limited 萬輝化工控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1561

2019

ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Li Zhong Yuan *(Chairman)*
Ms. Liu Rong Rong (appointed on 6 September 2019)

Non-Executive Directors

Ms. Zuo Yi
Mr. Kong Muk Yin (resigned on 10 January 2020)

Independent Non-Executive Directors

Mr. Li Gong
Mr. Wang Jianping
Dr. Shi Ping

AUDIT COMMITTEE

Dr. Shi Ping *(Chairman)*
Mr. Li Gong
Mr. Wang Jianping

NOMINATION COMMITTEE

Mr. Li Gong *(Chairman)*
Dr. Li Zhong Yuan
Mr. Wang Jianping

REMUNERATION COMMITTEE

Mr. Wang Jianping *(Chairman)*
Dr. Li Zhong Yuan
Mr. Li Gong

COMPANY SECRETARIES

Mr. Wong Ying Kit (appointed on 16 September 2019)
Mr. Yip Ka Ki (resigned on 16 September 2019)

AUDITOR

Baker Tilly Hong Kong Limited

LEGAL ADVISERS

As to Hong Kong law
David Norman & Co.
Robertsons

As to PRC law
Beijing Dentons Law Offices, LLP (Shanghai)
ETR Law Firm

As to Cayman Islands law
Harneys Westwood & Riegels

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
The Hong Kong and Shanghai Banking Corporation Limited
China Merchants Bank, Songgang branch
Bank of China, Zengcheng branch
Agricultural Bank of China, Zhongxin branch

REGISTERED OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman
KY1-1002
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1707–08, 17/F,
New World Tower 1,
16–18 Queen's Road Central,
Hong Kong
Telephone: (852) 2787 0800
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman
KY1-1002
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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183 Queen's Road East
Hong Kong

STOCK CODE

1561

WEBSITE

http://www.irasia.com/listco/hk/pad/

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "Board") of Pan Asia Data Holdings Inc. (formerly known as "Manfield Chemical Holdings Limited") (the "Company"), I have the pleasure to present the operating results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019.

2019 was an extraordinary year that the Group challenged itself to embrace digital age-the future. During the year, the new Board, with the support of new controlling shareholder, took resolute steps and actions to entrench the Group into digital sector via two acquisitions, one was disclosed in an announcement on 4 March 2019 and a circular on 18 April 2019; another as disclosed in announcements on 10 September 2019 and 28 October 2019 respectively, the Board is pleased to be able to complete the two acquisitions within the year, enabling the Group to establish a good foundation in the PRC digital sector. In particular, the Board is very pleased that the Group has secured unique authorization for access to and utilization of canonical data of human behavioural portraits in the PRC for applications of fintech, which established a solid ground for the Group to apply big data analytics into retail financial services in the PRC with primary focus on "anti-fraud" and "control-default". The Board believes that developing digital risk management in retail financial services in the PRC would not only create substantial shareholders' value to the Company, but also social value to the PRC society over the time.

Developing big data analytics successfully requires financial capital, and the Board was able to raise approximately HK$130 million as disclosed in an announcement on 25 June 2019 via share placing at a level which is accretive to shareholders' value of the Company. The Board would continue its best endeavours to raise additional financial capitals to develop big data analytics.

In addition to financial capital, human capital is of critical importance to developing big data analytics. The Board has constructed and approved a share award scheme (the "Share Award Scheme"), which is disclosed in an announcement on 9 January 2020. The Share Award Scheme enables the Group to attract; retain and incentivise talents in a highly competitive market place.

The Group had a manufacturing business of coatings prior to the take over of the new controlling shareholder, which had a difficult year of 2019, primarily due to Sino-US trade war. Coupling with ongoing coronavirus globally, the Board anticipates that the market conditions for the coatings business would even be more challenging this year. The Board will do what it can to preserve the value of the coatings business.

In developing and growing the Group's businesses in new economy, the Board is determined to meet and overcome the challenges in market place despite global turbulent conditions presently, and furthermore, the Board strongly believes that the big data analytics will create very substantial value to the Company's shareholders over the time.

On behalf of the Board, I would like to extend my whole-hearted appreciation to our shareholders for their continuing support and to our staff for their valuable contribution to the Group during the year.

Li Zhong Yuan
Chairman

Hong Kong, 31 March 2020

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND FINANCIAL OVERVIEW

The Group had a consolidated revenue of approximately HK$730,699,000 (2018: HK$426,346,000) for the year ended 31 December 2019. This represented an increase of approximately 71.4% compared with that for the previous year mainly due to the new business segment of third-party payment services, commenced in 2019.

The Group generated revenue from manufacturing and trading of coatings of approximately HK$435,025,000 (2018: HK$426,346,000) and provision of third-party payment services of approximately HK$295,674,000 (2018: Nil) for the year ended 31 December 2019.

Loss attributable to owners of the Company for the year ended 31 December 2019 amounted to approximately HK$23,309,000 (2018: profit attributable to owners of the Company of approximately HK$8,563,000), mainly attributable to (i) the substantial decrease in the share of profits of an associate of the Company due to the decline in its mobile phone coating business; (ii) the increase in expenses caused by the restructuring and streamlining of manpower of the Group in the first quarter of the year; (iii) the increase in corporate expenses; and (iv) loss on fair value change of contingent consideration payable.

Loss per share for the year ended 31 December 2019 was approximately HK3.8 cents (2018: earnings per share of approximately HK1.4 cents).

The Group's net asset value per share attributable to owners of the Company as at 31 December 2019 was approximately HK$1.1 (2018: HK$1.0).

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "Annual General Meeting") is scheduled to be held on Friday, 19 June 2020. For determining eligibility to attend and vote at the Annual General Meeting, the Register of Members of the Company will be closed from Tuesday, 16 June 2020 to Friday, 19 June 2020, both dates inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, no later than 4:30 p.m. on Monday, 15 June 2020.

BUSINESS REVIEW

Acquisition of Third-Party Payment Services Business

On 2 March 2019, a wholly-owned subsidiary of the Company as purchaser, Mao Hong Holding Limited and Mr. Chen Liang and Ms. Chen Zi Jun (collectively, the "Maohong Guarantors") entered into a sale and purchase agreement (the "Maohong Sale and Purchase Agreement"), pursuant to which, subject to and upon the terms and conditions of the Maohong Sale and Purchase Agreement, the Group agreed to purchase 51% of the issued share capital of Mao Hong Information Technology Holding Limited ("Mao Hong") (the "Maohong Sale Shares") (the "Maohong Acquisition") free from all encumbrances with effect from the completion of the sale and purchase of the Maohong Sale Shares. Details of the Maohong Acquisition were disclosed in the Company's announcement dated 4 March 2019 and the Company's circular dated 18 April 2019.

Mao Hong and its subsidiaries is a digital payment platform, which provides third-party payment services through the following services and products, namely, (1) Internet payment services, (2) Prepaid card issue and management services and (3) others ("Third-Party Payment Services Segment").

The Maohong Acquisition was completed on 9 August 2019. The financial results of Mao Hong and its subsidiaries have been consolidated in the consolidated financial statements of the Group since 9 August 2019. The Third-Party Payment Services Segment contributed revenue of approximately HK$295,674,000 (2018: Nil) and segment profit of approximately HK$95,544,000 (2018: Nil) to the Group for the year ended 31 December 2019.

Acquisition of Information and Data Services Business

On 10 September 2019, the Company as purchaser, Lian Yang Guo Rong Holdings Limited ("Lian Yang Guo Rong"), 聯洋國融(北京)科技有限公司 (Lian Yang Guo Rong (Beijing) Science and Technology Co., Ltd.*) ("Lianyang OPCO"), FHJL Investment Limited, An Chen New Technology Holding Ltd and Lian Yang Investment Limited (collectively, the "Lianyang Venders") and 北京富海金瀾諮詢有限公司 (Beijing Fu Hai Jin Lan Consulting Co., Ltd.*), 上海百派數字科技合夥企業(有限合夥) (Shanghai Bai Pai Digital Science and Technology LLP*), 上海安臣投資管理有限公司 (Shanghai An Cheng Investment Management Co., Ltd*), 上海普恩網絡科技合夥企業(有限合夥) (Shanghai Pu En Network Science and Technology LLP*) and 上海予暘網絡科技有限公司 (Shanghai Yu Yang Network Science and Technology Co., Ltd*) entered into a share purchase and subscription agreement (the "Lianyang Share Purchase and Subscription Agreement"), pursuant to which, subject to and upon the terms and conditions of the Lianyang Share Purchase and Subscription Agreement, (i) the Lianyang Vendors agreed as beneficial owner to sell, and the Company agreed to purchase, 3,750 shares of Lian Yang Guo Rong (the "Lianyang Sale Shares") free from all encumbrances with effect from the completion date of the sale and purchase of the Lianyang Sale Shares (the "Lianyang Completion"), at the consideration of RMB45.0 million (equivalent to approximately HK$49.8 million), to be satisfied by the allotment and issue of consideration shares by the Company to the Lianyang Vendors at the issue price of HK$2.85 per consideration share; and (ii) Lian Yang Guo Rong agreed to allot and issue and the Company agreed to subscribe for, 5,750 shares of Lian Yang Guo Rong free from all Encumbrances with effect from the Lianyang Completion, at the subscription price of RMB69.0 million (equivalent to approximately HK$76.4 million), which will be satisfied by the Company in cash (the "Lianyang Acquisition"). Details of the Lianyang Acquisition were disclosed in the Company's announcements dated 10 September 2019 and 28 October 2019.

Lianyang OPCO is principally engaged in the development of big data mining, modelling and analysis in general, and the provision of digital risk management services in retail financial services in particular, since its establishment in September 2018. Lianyang OPCO was initiated by 中國信息通信研究院 (China Academy of Information and Communications Technology*), a research institute directly under the Ministry of Industry and Information Technology of the PRC, which is instrumental in the development of key strategies, plans, policies and standards and test and certification in the information and communications technology industry in the PRC. Its investment vehicle 泰爾信通(北京)投資管理中心 (Taier Information and Communications (Beijing) Investment Management Center*) is one of the founding shareholders of Lianyang OPCO.

Lianyang OPCO derives massive data sources from a number of cooperative agencies (including but not limited to 國家計算機網絡應急技術處理協調中心科技成果轉化中心 (the Scientific Results Conversion Center of National Computer Network Emergency Response Technical Team/Coordination Center*) (the "Results Conversion Center")). Currently, Lianyang OPCO has entered into a five-year scientific results conversion agreement with the Results Conversion Center in order to obtain the legitimate authorisation to use the canonical data of the Results Conversion Center. The agreement came into force in July 2019 and is renewable upon expiration. The Results Conversion Center was established by 國家計算機網絡應急技術處理協調中心 (The National Computer Network Emergency Response Technical Team/Coordination Center of China*), which is a national-level cybersecurity technical center and the key coordination team for China's cybersecurity emergency response community. Armed with unique fintech monitoring and basic technologies and 20 technological patents, the Results Conversion Center operates an authoritative technological platform in China. The Joint Laboratory of Financial and Scientific Results Conversion was jointly established by Lianyang OPCO and the Results Conversion Center to combine the achievements and resources from the fintech monitoring of the Results Conversion Center with the commercial applications of Lianyang OPCO, thus jointly developing market-oriented products and services. Lianyang OPCO also owns seven computing software copyrights, including for the development of cloud based platform for big data and risk management in retail financial services.

The Lianyang Acquisition was completed on 31 December 2019 and is classified as "interests in associates" and Lian Yang Guo Rong is accounted for using the equity method of accounting in the consolidated financial statements of the Group.

* English translated name is for identification purpose only

Coatings Business

The coatings business of the Group remained stable during the year ended 31 December 2019, which contributed revenue of approximately HK$435,025,000 (2018: HK$426,346,000) to the Group. This represented an increase of approximately 2.0% compared with that for the previous year. The segment profit was approximately HK$40,864,000 (2018: HK$36,642,000) for the year ended 31 December 2019.

The increase in gross profit from coatings business for the year ended 31 December 2019 was outweighed by the decrease in share of profit of CMW Holding Limited ("CMW Holding"), an associate company for the year. CMW Holding experienced a drop of non-stick business, impact from Sino-US trade friction, labour cost as well as raw materials cost uprise for the year.

To mitigate the adverse effects from the Sino-US trade friction which elevated the impact to marketing condition, the Company launched price reductions for certain products, and reinforced customer service and technical support to enhance the market competitiveness. The efforts resulted in a slight increase in sales turnover. New product of thermochromic paint had satisfactory result in 2019. The Company will focus on developing new products with an aim to enhance larger market share.

As the crude oil price fluctuated, prices of resin and solvent increased, and prices of other raw materials used by the Group, rose considerably. The situation was further adversely affected by the persistent rise of labour costs in the PRC and an increase in expenses was caused by the restructuring and streamlining of manpower of the Group during the year. With much efforts, the Company maintained the ratio of the raw material costs to revenue in line with those of the 2018.

Pursuant to the land use rights transfer agreement entered into between Zengcheng Fuheyuan Nongzhuang Limited (增城市福和園農莊有限公司*) ("Zengcheng Ltd.") (a connected person of the Company) and Springfield Chemical (Guangzhou) Company Limited (廣州源輝化工有限公司*) ("Springfield") on 10 September 2012 (as supplemented by various supplemental agreements) (as disclosed in the section headed "Connected Transactions" in the prospectus dated 17 November 2015 and the announcements dated 5 December 2018 and 31 December 2019 issued by the Company), Zengcheng Ltd. agreed to transfer to Springfield the land use rights of a property, which comprises two land parcels, namely one land parcel of 18.209 mu (equivalent to approximately 12,139 square meters) ("Parcel 1") and one land parcel of 19.932 mu (equivalent to approximately 13,288 square meters) ("Parcel 2") (the "Land Acquisition"). Due to uncertainties over the development of the ongoing US-China trade war, the decision for expanding the Land Acquisition in relation to Parcel 2 is ceased. Further, additional time is required for complying with various registration and approval procedures required for the Land Acquisition in relation to Parcel 1.

In view of the uncertainties created by the US-China trade war, the Group has been exploring investment opportunities to set up a new manufacturing plant outside the PRC to diversify the production base of the Group and mitigate the adverse effect of local policies and regulations. In this regard, the Group plans to set up a manufacturing plant in Vietnam to produce industrial coatings to supply the Vietnam market and international market and the Company has established an indirect wholly-owned subsidiary, Manfield Coatings Vietnam Company Limited ("Manfield Vietnam") for such purpose. Manfield Vietnam is established on 15 November 2019 and the total amount of investment for the project is expected to be VND149,986 million (equivalent to approximately USD6.5 million at an exchange rate of USD1 to VND23,200).

In addition, given that Parcel 2 is no longer available for the Land Acquisition and for the reasons mentioned above, the Group intends to scale back phase two of construction of the Springfield production facilities in Guangzhou and to reallocate part of the proceeds from the placing and public offer of the Company's shares in December 2015 (the "Listing") originally allocated for the Land Acquisition and funding of phase two construction to the implementation of the Vietnam project, including obtaining a long term lease for a piece of land, construction of production facilities, purchase of additional machinery and equipment, and general working capital for the operations in Vietnam.

* English translated name is for identification purpose only

Overall Performance

For the year ended 31 December 2019, the gross profit and gross profit margin of the Group increased to approximately HK$207,784,000 (2018: HK$85,341,000) and approximately 28.4% (2018: 20.0%) respectively mainly due to the new business segment of third-party payment services, in 2019, which has a higher gross profit margin than the business segment of coatings.

The increase in gross profit for the year ended 31 December 2019 was outweighed by (i) the substantial decrease in the share of profits of an associate of the Company due to the decline in its mobile phone coating business; (ii) the increase in expenses caused by the restructuring and streamlining of manpower of the Group in the first quarter of the year, (iii) the increase in corporate expenses and (iv) loss on fair value change of contingent consideration payable and thus the overall performance of the Group deteriorated.

Administrative expenses of the Group increased to approximately HK$119,519,000 (2018: HK$63,300,000) for the year ended 31 December 2019. The increase was mainly attributable to (i) an increase in total staff costs of approximately HK$20,551,000 due to an increase in head count of the Group from the new business segment of third-party payment services in 2019; and (ii) an increase in legal and professional expenses of approximately HK$9,874,000 mainly due to more acquisition activities occurred during the year.

Both distribution and selling expenses and finance costs of the Group increased to approximately HK$53,304,000 (2018: HK$38,591,000) and approximately HK$16,702,000 (2018: HK$5,000), respectively, mainly due to the consolidation of the financial results from the new business segment of third-party payment services in 2019.

Others

Although the arbitration application to Shanghai International Economic and Trade Arbitration Commission in relation to the intended exercise of its right to dispose of 40% equity interest in Manfield Teknos (Changzhou) Chemical Company Limited is still in process, such arbitration has no significant impact on the Group's operation, financial position and solvency and the operations of the Group remain unaffected by it.

On 25 June 2019, the Company entered into subscription agreements with not less than six subscribers pursuant to which the subscribers conditionally agreed to subscribe for and the Company conditionally agreed to issue a total of 45,614,035 new ordinary shares at a price of HK$2.85 per subscription share. On 17 July 2019, an aggregate of 45,614,035 shares were allotted and issued by the Company to the subscribers, being independent third parties to the Group, at the subscription price of HK$2.85 per share. The net subscription price was approximately HK$2.84 per share. The closing price of the Company's share on 25 June 2019 was HK$2.89 per share. The gross proceeds raised were approximately HK$130.0 million, and the net proceeds, after deduction of all relevant expenses, were approximately HK$129.2 million, which are intended to be used for the Group's development of new business and general working capital purposes. During the year ended 31 December 2019, the net proceeds from the share subscription have been fully utilised for the Group's development of new business and general working capital purposes. Details of the completion of subscription of new shares under general mandate were disclosed in the Company's announcement dated 17 July 2019.

USE OF NET PROCEEDS FROM LISTING

Following the listing of its shares, the Company received net proceeds of approximately HK$119.9 million from the Listing after the deduction of underwriting commissions and all related expenses. On 31 December 2019, the Board resolved to change the proposed use of net proceeds from the Listing. Details of the original allocation of the net proceeds, the revised allocation of the net proceeds, and the utilised net proceeds as at 31 December 2019 are set out as follows:

Use	Original allocation HK$ million	Revised allocation HK$ million	Utilisation as at 31 December 2019 HK$ million	Remaining balance after revised allocation HK$ million
Funding of phase two of construction of the Springfield production facilities	81.7	33.1	8.4	24.7
Purchase of additional machinery and equipment	12.0	12.0	12.0	–
Partial settlement of the purchase price of the land for phase two of construction of the Springfield production facilities	3.3	1.4	–	1.4
Repayment of a bank overdraft facility	20.0	20.0	20.0	–
General working capital of the Group	2.9	2.9	2.9	–
Long term lease for a piece of land in Vietnam	–	5.4	5.4	–
Construction of Vietnam production facilities	–	13.1	–	13.1
Purchase of additional machinery and equipment, and other cost for Vietnam production	–	9.5	–	9.5
General working capital of Vietnam operation	–	22.5	–	22.5
	119.9	119.9	48.7	71.2

Saved as disclosed above, the Directors are not aware of any material change to the planned use of the proceeds as at the date of this annual report.

LIQUIDITY, FINANCIAL RESOURCES, CAPITAL STRUCTURE, CHARGE ON ASSETS AND EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES

As at 31 December 2019, the Group's non-current assets of approximately HK$2,326,854,000 (2018: HK$309,671,000) consisted of property, plant and equipment of approximately HK$99,368,000 (2018: HK$98,029,000), right-of-use assets of approximately HK$70,051,000 (2018: Nil), prepaid lease payments of nil (2018: HK$25,960,000), intangible assets of approximately HK$1,827,270,000 (2018: Nil), interests in associates of HK$325,586,000 (2018: HK$182,587,000), financial assets at fair value through profit or loss of approximately HK$511,000 (2018: Nil), deferred tax assets of approximately HK$1,440,000 (2018: Nil) and deposits paid in respect of right-of-use assets/prepaid lease payments of approximately HK$2,628,000 (2018: HK$3,095,000). These non-current assets are principally financed by the shareholders' funds and borrowings of the Group. As at 31 December 2019, the Group's net current assets amounted to approximately HK$560,285,000 (2018: HK$304,309,000).

As at 31 December 2019, the Group had total indebtedness of approximately HK$589,127,000 (2018: Nil) which comprised borrowings, promissory notes payable and lease liabilities of approximately HK$550,234,000 (2018: Nil), HK$9,391,000 (2018: Nil) and HK$29,502,000 (2018: Nil), respectively. The increase in the Group's borrowings and promissory notes payable were mainly due to an increase in the Group's investments in third-party payment business which led to an increase in borrowings and promissory notes payable to finance such investments.

All the borrowings of the Group, except for an equivalent amount of approximately HK$50,234,000 (2018: Nil) which was denominated in Renminbi, were denominated in Hong Kong dollars. As at 31 December 2019, other borrowing of HK$500,000,000 (2018: Nil) and bank borrowing of approximately HK$50,234,000 (2018: Nil) bear fixed interest rates and floating interest rates, respectively. The promissory notes payable bears interest from 0.25% to 1.25% (2018: Nil) per annum and was denominated in Hong Kong dollars. Interest rates for all leases are fixed on the contract dates.

As at 31 December 2019, out of the total borrowings, approximately HK$50,234,000 (2018: Nil) was repayable within one year and HK$500,000,000 (2018: Nil) was repayable after one year. For details, please refer to note 30 to the consolidated financial statements in this annual report. As at 31 December 2019, the outstanding principal amount of the promissory notes was HK$9,400,000 (2018: Nil), which has been early redeemed by the Group as at the date of this annual report.

As at 31 December 2019, the gearing ratio of the Group was approximately 32.9% (2018: Nil), calculated by dividing total debts (of which debt represents the sum of borrowings, promissory notes payable and lease liabilities) by total equity multiplied by 100%. Net debt to equity ratio (net debt, being total debts net of bank and cash balances and restricted bank deposits, by total equity) of the Group was not applicable as at 31 December 2019 and 2018 due to net cash. The current ratio, calculated by dividing current assets by current liabilities, as at 31 December 2019 was approximately 1.6 times (2018: approximately 6.4 times).

As at 31 December 2019, save as disclosed in note 30 to the consolidated financial statements in this annual report, the Group did not have any assets under charge/pledge. As at 31 December 2018, the Group's owned properties situated in Hong Kong amounting to approximately HK$1,508,000 were pledged to a bank for general banking facilities granted to the Group.

The Group's operations are mainly located in the PRC and its transactions, related working capital and borrowing are primarily denominated in Renminbi and Hong Kong dollars. The Group will closely monitor its foreign exchange exposure and will consider hedging significant currency exposure should the need arises.

As at 31 December 2019, the Group had capital commitment contracted for but not provided — acquisition of property, plant and equipment of approximately HK$11,048,000 (2018: HK$7,812,000) and other commitment contracted for but not provided — proposed purchase of land of approximately HK$6,556,000 (2018: HK$8,345,000).

As at 31 December 2019, the Group did not have any material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSAL

Save as disclosed in this annual report, the Group did not have any other significant investments, other material acquisition or disposal during the year ended 31 December 2019 and there was no plan authorised by the Board for other material investments or additions of capital assets up to the date of this annual report.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 769 employees as at 31 December 2019 (2018: 641). The Group seeks to ensure that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS AND STRATEGIES

It is expected that raw material and labour costs will remain high in 2020. Further compounding the situation is the possibility that the Sino-US trade friction may elevate, plus the extreme effect of the novel coronavirus ("COVID-19") throughout the world. As many countries are having serious outbreaks of the virus, normal and business activities are suspended. The coming year will be a tough year.

In response to the uncertain market situation and unstable global environment, the Company will continue to focus on strict control of operating costs and maintain normal production and operation. In the meantime, the Group will explore new business opportunities by setting up a manufacturing plant in Vietnam to produce industrial coatings to supply the Vietnam and international market to counter the challenges we are facing.

Developing Business Opportunities in New Economy Industry

The Company intends to continue the existing principal businesses of the Group and maintain the operational employees of the Group. Leveraging on the experience of Dr. Li Zhong Yuan, the Chairman of the Company and the Board and management, in the new economy sector, which includes but not limited to financial services, digital applications for retail and quasi-retail in general, and fintech in particular, the Company will explore possible business opportunities in the new economy industry for the Group.

Referring to the announcement dated on 4 March 2019 and the circular dated on 18 April 2019 in relation to the Maohong Acquisition of third-party payment services business, the Company has completed the Maohong Acquisition on 9 August 2019.

Referring to the announcements dated on 10 September 2019 and 28 October 2019 in relation to the Lianyang Acquisition of information and data services business, the Company has completed the Lianyang Acquisition on 31 December 2019. Lianyang OPCO is a company incorporated in the PRC with limited liability and is principally engaged in the development of big data mining, modelling and analysis in general, and the provision of digital risk management services in retail financial services. Lianyang OPCO has secured compliant access to and use of the canonical data source of an authoritative national institution granted by its transformation center of scientific and technological achievements. The Directors consider the Lianyang Acquisition a valuable opportunity to participate in big data based risk management services in retail financial services business, and is in the interests of the Company and the shareholders of the Company as a whole.

In order to bring better return to our shareholders, we will continue to conduct regular reviews on the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Company may explore other business opportunities for the Group and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. The Company has been reviewing, and in preliminary discussion and negotiations with multiple entities and different parties in the new economy sector to explore, possible collaboration opportunities. In the event that any such opportunities materialise, further announcement(s) will be made by the Company in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

EXECUTIVE DIRECTORS

Dr. Li Zhong Yuan ("Dr. Li"), aged 58, was appointed as an executive director and chairman of the Company on 10 December 2018 and 31 December 2018 respectively. Dr. Li received a PhD degree in mathematics from the University of Michigan in 1990 and was employed as a CLE Moore Instructor at Massachusetts Institute of Technology (M.I.T.) in the USA for three years, responsible for researching and teaching in the frontier of mathematical sciences and their applications. Dr. Li subsequently worked for a number of years with "bulge bracket" Wall Street Firms in innovatively structured financial products, and has started his own independent entrepreneurship since 2000. He is experienced in financial services and digital applications in general, and fintech in particular. Dr. Li had been a director of China Health Group Limited (Stock Code: 673) until June 2016. Dr. Li is also a member of the international Advisory Board of the University of California at San Diego's School of Global Policy and Strategy and its 21st Century China Center's China Leadership Board member.

Ms. Liu Rong Rong ("Ms. Liu"), aged 49, was appointed as an executive director of the Company on 6 September 2019. Ms. Liu obtained a bachelor's degree in economics from National Taiwan University in 1992 and received an MBA from The Wharton School of the University of Pennsylvania in the USA in 1997. Ms. Liu has over 15 years' experience in the private fund industry. Ms. Liu started her career as a consultant at McKinsey Asia LLC, Taiwan branch from 1992 to 1995. Ms. Liu then worked for Crimson Asia Capital Holdings Ltd., Taiwan Branch from 1997 to 2009 with the last position as the person in charge of the Asia business of Crimson Asia Capital Fund. Ms. Liu was a managing director of Vision Investment Management (Asia) Limited from 2009 to 2011, and a business partner of 博信（天津）股權投資管理合伙企業（有限合伙） (Boxin (Tianjin) Equity Investment Management Partnership Enterprise (Limited Partnership)*) in 2013. Ms. Liu joined 得仕股份有限公司 (Day's Enterprise Company Limited*) as director in 2015. Ms. Liu has been the chief consultant of the investment management committee of 聯新國際醫療集團 (Landseed International Medical Group*) since 2012 and an independent director of Franklin Templeton Sealand Fund Management Co., Ltd. since 2015.

NON-EXECUTIVE DIRECTOR

Ms. Zuo Yi ("Ms. Zuo"), aged 44, was appointed as a non-executive director of the Company on 10 December 2018. Ms. Zuo obtained a bachelor's degree from Fudan University in 1997 and received a MBA from Stanford University's Graduate School of Business in the USA in 2004. Ms. Zuo has over 10 years of experience in investment banking and private equity worked as a vice president under the investment banking division of Morgan Stanley, and then as an executive director in the investment bank division of UBS Group. In 2013, Ms. Zuo joined Crimson Private Fund to head up its China business. Ms. Zuo joined Four Seasons Education Group, a NYSE listed company, in 2017 as its Chief Financial Officer.

* English translated name is for identification purpose only

BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Gong ("Mr. Li"), aged 61, was appointed as an independent non-executive director of the Company on 10 December 2018. Mr. Li studied physics at Fudan University in the PRC and obtained a bachelor of science and master of science in electrical engineering at the University of Houston in 1983 and 1985 respectively. He then started his career at Accenture in 1985 as a consultant and spent 30 years at Accenture. Mr. Li was a member of Accenture Global Leadership Council, a senior managing director and the Chairman of Greater China region when he decided to retire from Accenture in 2015. Mr. Li served as a member of the board of several Accenture's joint ventures in Asia including China Communications Services Software Technology Company in China. He also served as a member of advisory committee to Shanghai Municipal Government, and was a recipient of Magnolia Gold Award (白玉蘭榮譽獎) of Shanghai Municipality. Mr. Li was also an advanced leadership fellow at Harvard University from December 2015 to December 2016.

Mr. Wang Jianping ("Mr. Wang"), aged 55, was appointed as an independent non-executive director of the Company on 10 December 2018. Mr. Wang has an MBA from Wuhan University in China. Mr. Wang is a senior accountant and has spent his entire career in banking and investment in the PRC before he decided to retire from China Minsheng Investment Group Corp., a company in the PRC with RMB50 billion paid-in capital, as its vice-president and chief financial officer in 2018. In his banking career, Mr. Wang served as a member of the Communist Party Committee of China Minsheng Bank headquarters and the governor of China Minsheng Bank Shanghai Branch. Prior to that, Mr. Wang assumed multiple managerial positions of China Minsheng Bank headquarters' finance departments over 10 years, including the President of Planning Finance Department and the President of Financial Management Department. Prior to China Minsheng Bank, Mr. Wang worked at the People's Bank of China — Hunan Provincial Branch. Mr. Wang has been an independent non-executive director of Aier Eye Hospital Group Co., Ltd., a company listed on the ChiNext of Shenzhen Stock Exchange (Stock Code: 300015) since 2015 and an independent non-executive director of Chongqing Lummy Pharmaceutical Co., Ltd., a company listed on the ChiNext of Shenzhen Stock Exchange (Stock Code: 300006) since 2016.

Dr. Shi Ping ("Dr. Shi"), aged 57, was appointed as an independent non-executive director of the Company on 10 December 2018. Dr. Shi received a bachelor of science in economics from Nanjing University of Finance and Economics in the PRC in 1985, a master of science in economics from Nanjing University in 2006, and also a PhD in resource economics from China University of Geosciences in 2014. Dr. Shi is the Dean of Nanjing Audit University's Ruihua School of Auditing and Accounting, where Nanjing Audit University is the only university cofounded by National Audit Office of the PRC, one of the 26 Ministries and Commissions composing of the PRC State Council, and Ruihua, the branding party of the School, is a leading accounting firm in the PRC. Dr. Shi is the Chairman of Jiangsu Association of Wealth Managers and awarded with the status of consulting expert on managerial accounting by the Bureau of Finance of Jiangsu Province. Dr. Shi has been involved in financial theory and practice researches over 10 years, and chaired and participated in four research projects of provincial and ministerial levels. Dr. Shi has been an independent non-executive director of Jiangsu Huaxicun Holding Co., Ltd., a company listed on the SME Board of Shenzhen Stock Exchange (stock code: 000936) and of SVG Group Co., Ltd., a company listed on the ChiNext of Shenzhen Stock Exchange (stock code: 300331) since 2014 and an independent non-executive director of Nantong Jianghai Capacitor Co., Ltd., a company listed on the SME Board of Shenzhen Stock Exchange (stock code: 002484) and of Jiangsu Daybright Intelligent Electric Co., Ltd., a company listed on the ChiNext of Shenzhen Stock Exchange (stock code: 300670) since 2017.

The board of directors (the "Board") of Pan Asia Data Holdings Inc. (formerly known as "Manfield Chemical Holdings Limited") (the "Company") presents their annual report together with the audited consolidated financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 45 to the consolidated financial statements. Details and analyses of the main business segments of the Group during the year are set out in note 6 to the consolidated financial statements. In addition, discussions on the Group's environmental policies and performance and the Group's key relationships with its employees, customers, suppliers and others that have a significant impact on the Group's success are provided in the Environmental, Social and Governance Report of this annual report.

As far as the Board and the management are aware, the Group has, in all material aspects, complied with the laws and regulations that are applicable to our business operations during the year. The relevant laws and regulations that have a significant impact on the Company include, among others, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Securities and Futures Ordinance, the Companies Law of the Cayman Islands and the laws and regulations in relation to its business including environmental protection, production safety, product quality, labour contracts, employee benefits, foreign exchange, taxation and intellectual property rights.

Further discussion and analysis as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622) and the Listing Rules can be found in the section of "Chairman's Statement" of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss on page 52.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

During the year ended 31 December 2018, a final dividend in respect of the year ended 31 December 2017 of HK$15,000,000 or HK$0.025 per share and an interim dividend in respect of the period ended 30 June 2018 of HK$12,000,000 or HK$0.02 per share were distributed to its shareholders.

BORROWINGS AND PROMISSORY NOTES PAYABLE

Details of borrowings and promissory notes payable of the Group as at 31 December 2019 are set out in notes 30 and 29 respectively to the consolidated financial statements.

CHANGE OF COMPANY NAME

By a special resolution passed on 12 November 2019, the English name of the Company was changed from Manfield Chemical Holdings Limited to Pan Asia Data Holdings Inc. and the dual foreign name in Chinese of the Company was changed from 萬輝化工控股有限公司 to 聯洋智能控股有限公司 with effect from 19 November 2019.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 33 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 56 and note 42 to the consolidated financial statements.

As at 31 December 2019, the reserves of the Company available for distribution to shareholders amounted to approximately HK$293,029,000 (2018: HK$136,346,000).

PROPERTY, PLANT AND EQUIPMENT

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

DIRECTORS AND SERVICE CONTRACTS

The Directors of the Company during the year and up to the date of this annual report are:

Executive Directors:

Dr. Li Zhong Yuan *(Chairman)*
Ms. Liu Rong Rong (appointed on 6 September 2019)

Non-executive Directors:

Ms. Zuo Yi
Mr. Kong Muk Yin (resigned on 10 January 2020)

Independent Non-executive Directors:

Mr. Li Gong
Mr. Wang Jianping
Dr. Shi Ping

In accordance with Article 83 of the articles of association of the Company (the "Articles of Association"), Ms. Liu Rong Rong will retire and, being eligible, will offer herself for re-election at the annual general meeting of the Company to be held on Friday, 19 June 2020 (the "AGM").

In accordance with Articles 84 and 85 of the Articles of Association, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. Accordingly, Ms. Zuo Yi and Mr. Li Gong will retire from office by rotation and, being eligible, will offer themselves for re-election as Directors at the AGM.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

On 10 September 2012, the Group entered into a sale and purchase agreement (as supplemented by various supplemental agreements) with Zengcheng Fuheyuan Nongzhuang Limited (增城市福和園農莊有限公司) ("Zengcheng Ltd."), a company owned by Mr. Yuen Shu Wah, former Chairman of the Company, to acquire two pieces of land located in the PRC , namely one land parcel of 18.209 mu (equivalent to approximately 12,139 square meters) ("Parcel 1") and one land parcel of 19.932 mu (equivalent to approximately 13,288 square meters) ("Parcel 2"), at an aggregate cash consideration of approximately RMB3,367,000 (equivalent to approximately HK$4,154,000) (the "Land Acquisition") (as disclosed in the section headed "Connected Transactions" in the prospectus dated 17 November 2015 and the announcements dated 5 December 2018 and 31 December 2019 issued by the Company). Deposit of approximately RMB673,000 (equivalent to approximately HK$831,000) was paid during the year ended 31 December 2012.

On 31 December 2019, the Group entered into a supplemental agreement with Zengcheng Ltd. to amend the terms of the Land Acquisition, key terms of which are as follows:

(i) Zengcheng Ltd. will return the deposit of approximately RMB360,000 in relation to Parcel 2 to the Group and Parcel 2 will no longer form part of the Land Acquisition;

(ii) the completion date of the Land Acquisition in relation to Parcel 1 will be extended to a date before 31 December 2020; and

(iii) the remaining consideration for Parcel 1 will be approximately RMB1,255,000.

The remaining balance of approximately RMB2,694,000 and RMB1,255,000 were included as commitment as at 31 December 2018 and 2019, equivalent to approximately HK$3,075,000 and HK$1,401,000 respectively. The purchase of Parcel 1 had not been completed at 31 December 2019.

Save as disclosed above, no transactions, arrangements or contracts of significance, to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 31 December 2019, the interests and short positions of the Directors and the chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Hong Kong (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

1. Long positions in the shares of the Company

	Number of ordinary shares					
Name of Director	Personal interests	Family interests	Corporate interests	Other interests	Total	Percentage of interest
Dr. Li Zhong Yuan	–	–	450,000,000 *(Note i)*	–	450,000,000	67.86%
Ms. Liu Rong Rong	2,456,000	–	–	–	2,456,000	0.37%

Note:

(i) Dr. Li Zhong Yuan is legally interested in 49% and beneficially interested in 19.0476% of the entire issued share capital of Timenew Limited, a substantial shareholder of the Company, which is interested in the 450,000,000 issued ordinary shares of the Company. Dr. Li Zhong Yuan is therefore deemed to have a corporate interest of 67.86% of the Company.

Save as disclosed above, as at 31 December 2019, none of the Directors, the chief executive of the Company nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE AWARD SCHEME

The Company adopted the share award scheme on 9 January 2020 (the "Share Award Scheme") with major terms and details set out below:

1. Objective: The objectives of the Share Award Scheme are (i) to recognise the contributions by certain selected grantees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

2. Duration: Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date (9 January 2020).

3. Scheme limit: The Board shall not make any award of awarded shares which will result in the nominal value of the original share(s) in the share capital of the Company (the "Shares") awarded by the Board under the Share Award Scheme exceeding ten per cent. of the issued share capital of the Company from time to time. The maximum number of shares which may be awarded to a selected grantee under the Share Award Scheme shall not exceed one per cent. of the issued share capital of the Company from time to time.

4. Operation: The Board may from time to time cause to be paid a contributed amount to the trust constituted by a trust deed dated 20 January 2020 by way of settlement or otherwise contributed by the Company or any subsidiary as directed by the Board which shall constitute part of the trust fund, for the purchase of Shares and other purposes set out in the Share Award Scheme rules and the trust deed.

   The Board may, from time to time, at its absolute discretion select any qualifying grantees (other than any excluded employee) for participation in the Share Award Scheme as a selected grantee, and grant such number of awarded shares to any selected grantee at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

5. Restrictions: No award shall be made by the Board and no instructions to acquire any Shares shall be given to the trustee under the Share Award Scheme: (i) after inside information (as defined in the SFO) in relation to affairs or securities of the Company has arisen or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information is no longer inside information; (ii) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results; (iii) during the period of 30 days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results; or (iv) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

6. Vesting: Subject to the terms and condition of the Share Award Scheme and the fulfillment of all vesting conditions, the respective awarded shares held by the trustee on behalf of the selected grantee pursuant to the provision hereof shall vest in such selected grantee in accordance with the vesting schedule (if any), and the trustee shall cause the awarded shares to be transferred to such selected grantee on the vesting date.

7. Voting rights: The trustee shall not exercise the voting rights in respect of any Shares held by it under the trust (if any) (including but not limited to the awarded shares, any bonus shares and scrip Shares derived therefrom) whether or not in the name of another person as nominee of the trustee.

The Company shall comply with the relevant Listing Rules when granting the awarded shares. If awards are made to the directors or substantial shareholders of the Group, such awards shall constitute connected transaction under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.

During the year ended 31 December 2019 and up to the date of this annual report, no awarded shares were granted under the Share Award Scheme.

EQUITY-LINKED AGREEMENTS

Other than the Share Award Scheme, no equity-linked agreements were entered into by the Group during the year or subsisted at the end of the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares, underlying shares, or debentures of, the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2019, the following parties had interests or short positions in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO:

Long positions in the shares of the Company

Name	Type of interest	Capacity/Nature	Number of Shares held/ interested	Percentage of interest
Timenew Limited *(Note 1)*	Long position	Beneficial owner	450,000,000	67.86%
Mr. Li Xiao Ru *(Note 1)*	Long position	Interest of a controlled corporation	450,000,000	67.86%
Dr. Li Zhong Yuan *(Note 1)*	Long position	Interest of a controlled corporation	450,000,000	67.86%
Fulling Limited *(Note 2)*	Long position	Person having a security interest in shares	389,628,000	58.76%
Buildstart Investments Limited *(Note 2)*	Long position	Interest of a controlled corporation	389,628,000	58.76%
Wang On Enterprises (BVI) Limited *(Note 2)*	Long position	Interest of a controlled corporation	389,628,000	58.76%
Wang On Group Limited *(Note 2)*	Long position	Interest of a controlled corporation	389,628,000	58.76%
Mr. Tang Ching Ho *(Note 2)*	Long position	Interest of a controlled corporation	389,628,000	58.76%
Ms. Yau Yuk Yin *(Note 2)*	Long position	Interest of a controlled corporation	389,628,000	58.76%

Notes:

(1) Timenew Limited is legally owned as to 51% and 49% by Mr. Li Xiao Ru and Dr. Li Zhong Yuan respectively. Each of Mr. Li Xiao Ru and Dr. Li Zhong Yuan is therefore deemed to be interested in the 450,000,000 Shares held by Timenew Limited under the SFO of which 389,628,000 shares are subject to a deed of share mortgage executed by Timenew Limited as the mortgagor in favour of Fulling Limited as mortgagee over the 389,628,000 ordinary shares of HK$0.01 each in the share capital of the Company immediately upon execution of a share mortgage by Timenew Limited (the "Share Mortgage") in respect of a credit facility granted by Fulling Limited, as lender, to Timenew Limited, as borrower.

(2) Buildstart Investments Limited owns 100% of Fulling Limited, which in turn is owned as to 100% by Wang On Enterprises (BVI) Limited. Wang On Group Limited owns 100% of Wang On Enterprises (BVI) Limited, which in turn is owned as to 57.39% by Mr. Tang Ching Ho together with his Spouse, Ms. Yau Yuk Yin. Accordingly, each of Mr. Tang Ching Ho, Ms. Yau Yuk Yin, Wang On Group Limited, Wang On Enterprises (BVI) Limited and Buildstart Investments Limited is therefore deemed to be interested in a long position of an aggregate of 389,628,000 Shares in which Fulling Limited is interested through the Share Mortgage under the SFO.

(3) As of 31 December 2019, the Company's total number of issued shares was 663,088,770.

Save as disclosed above, as at 31 December 2019, there were no other parties who had interests or short positions in the shares or underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

CONTINUING CONNECTED TRANSACTIONS

As disclosed in the prospectus dated 17 November 2015 issued by the Company, on 13 January 2011, Teknos Coatings (Shanghai) Co., Ltd ("Teknos Coatings") and Manfield Teknos (Changzhou) Chemical Company Limited ("MT"), an indirect non-wholly-owned subsidiary of the Company, entered into the agreement ("Teknos Agreement") (which was amended and replaced by agreements dated 27 August 2012 and 3 December 2013 and supplemented by a deed of variation dated 17 June 2014 and a new agreement dated 4 May 2017) pursuant to which MT agreed to sell liquid coatings to Teknos Coatings. The price charged by MT for the sale of liquid coatings to Teknos Coatings is calculated based on a formula set out in the Teknos Agreement, which is calculated on a cost plus basis with an agreed markup rate of the cost taking into account raw material costs, packaging costs and production wages among other things, and is determined on an arm's length basis between Teknos Coatings and MT. In connection with the Teknos Agreement, the Group also purchased an insubstantial amount of raw materials from Teknos Group Oy ("Teknos") and Teknos Coatings (collectively "Teknos Group"). These are specific raw materials which are required for the manufacture of liquid coatings ordered by Teknos Coatings pursuant to the Teknos Agreement. The Group purchases such raw materials solely for the manufacture of liquid coatings for sale to Teknos Coatings under the Teknos Agreement. Since the pricing mechanism of the Teknos Agreement takes into account the cost of raw materials used in the manufacture of the goods, and, as mentioned above, the raw materials purchased by the Group from Teknos Group are solely used in the manufacture of products for Teknos Coatings pursuant to the Teknos Agreement, the cost of the raw materials is directly recovered as a component of the revenue the Group receive pursuant to the Teknos Agreement. Accordingly, the Group is not exposed to price fluctuations in such raw materials and as such, the Group does not source comparable quotes. The price paid by the Group to Teknos Group for the abovementioned raw materials was determined on an arm's length basis between MT and Teknos Group.

The aggregate amount of the sale of liquid coatings to Teknos Coatings and purchase of raw materials from Teknos Group (collectively "Teknos Group Transactions") for the year ended 31 December 2019 was approximately HK$15,090,000 and HK$908,000 respectively.

Teknos is a 40% substantial shareholder of MT, an indirect non-wholly-owned subsidiary of the Company and a connected person of the Company. Teknos Coatings is a wholly-owned subsidiary of Teknos, and therefore is an associate of Teknos and a connected person at the Company's subsidiary level. Given that Teknos and Teknos Coatings are connected persons at the Company's subsidiary level, the Teknos Group Transactions constitute continuing connected transactions of the Company which are subject to the requirements of reporting, annual review and announcement but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to the requirement under Chapter 14A of the Listing Rules, the Independent Non-executive Directors of the Company have reviewed the continuing connected transactions regarding the Teknos Group Transactions and have confirmed that the transactions were entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the terms of the Teknos Agreement that are fair and reasonable and in the interests of the Group and the shareholder of the Company as a whole. The Company's auditor was engaged to report on the continuing connected transaction regarding the Teknos Group Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor has issued its unqualified letter confirming that nothing has come to its attention that caused it to bring to the attention of the Board pursuant to the requirement under Chapter 14A of the Listing Rules. A copy of the Company's auditor's letter has been provided by the Company to the Stock Exchange.

Save as aforesaid, none of the other related party transactions as disclosed in note 37 to the consolidated financial statements constitutes a discloseable connected transaction as defined under the Listing Rules.

PERMITTED INDEMNITY

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against the Directors and officers.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

On 17 July 2019, an aggregate of 45,614,035 new ordinary shares have been allotted and issued by the Company to the subscribers, being third parties independent of the Group, at the subscription price of HK$2.85 per share. The gross proceeds raised are approximately HK$130 million, and the net proceeds, after deduction of all relevant expenses, are approximately HK$129.2 million, which are intended to be used for the Group's development of new business and general working capital purposes.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2019.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group purchased less than 30% of its goods and services from its five largest suppliers and sold less than 30% of its goods and services to its five largest customers.

DIRECTORS' REPORT

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

EMOLUMENT POLICY

The emolument policy of the general staff of the Group is set up by the management of the Group on the basis of their merit, qualifications and competence.

The emoluments of the Directors and senior management of the Company are decided by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Memorandum and Articles of Association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained a sufficient public float as required under the Listing Rules.

DONATIONS

During the year, the Group made donations amounting to approximately HK$1,980,000 (2018: HK$1,980,000).

AUDITOR

A resolution will be submitted to the forthcoming AGM to re-appoint Baker Tilly Hong Kong Limited as auditor of the Company.

On behalf of the Board
Pan Asia Data Holdings Inc.

Li Zhong Yuan
Chairman

Hong Kong, 31 March 2020

CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of Pan Asia Data Holdings Inc. (formerly known as "Manfield Chemical Holdings Limited") (the "Company") believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value. Accordingly, the Company has adopted various measures to ensure that a high standard of corporate governance is maintained.

Throughout the year ended 31 December 2019, the Company has applied the principles and complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as listed out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The current practices will be reviewed and continuously updated.

To the best knowledge of the Board, throughout the year ended 31 December 2019, the Company had complied with all the code provisions set out in the CG Code, save for the code provision A.2.1 of the CG Code as described below.

CG Code A.2.1

Please refer to the paragraph headed "Roles of Chairman and Chief Executive Officer" in this annual report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding Directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code"). A copy of the Model Code was sent to each Director and the relevant employees of the Group who are required to be provided under the Model Code. Enquiries have been made to the Directors and all the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2019.

BOARD OF DIRECTORS

The Board currently comprises six directors (the "Directors") in total, with two Executive Directors, one Non-executive Director and three Independent Non-executive Directors.

The composition of the Board during the year under review and up to the date of this annual report is set out as follows:

Executive Directors:

Dr. Li Zhong Yuan *(Chairman)*
Ms. Liu Rong Rong (appointed on 6 September 2019)

Non-executive Directors:

Ms. Zuo Yi
Mr. Kong Muk Yin (resigned on 10 January 2020)

Independent Non-executive Directors:

Mr. Li Gong
Mr. Wang Jianping
Dr. Shi Ping

The Board members have no financial, business, family or other material/relevant relationships with one another. Such balanced Board composition is formed to ensure strong independence exists across the Board.

Throughout the year and up to the date of this annual report, at least one-third in number of the Board's members comprising Independent Non-executive Directors under Rule 3.10A of the Listing Rules and at least one of the Independent Non-executive Directors possesses appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules.

The Board has received from each Independent Non-executive Director an annual confirmation of his independence and considers that all the Independent Non-executive Directors are independent under the guidelines set out in Rule 3.13 of the Listing Rules. The biographical details of the Directors are set out in the section headed "Biographical Details in Respect of Directors" of this annual report.

During the year, six Board meetings were held and the attendance of each Director at the Board meetings is set out as follows:

Directors	Attendance/ number of Board meeting held during tenure	Attendance rate
Executive Directors		
Dr. Li Zhong Yuan *(Chairman)*	6/6	100%
Ms. Liu Rong Rong (appointed on 6 September 2019)	1/1	100%
Non-executive Directors		
Ms. Zuo Yi	3/6	50%
Mr. Kong Muk Yin (resigned on 10 January 2020)	6/6	100%
Independent Non-executive Directors		
Mr. Li Gong	6/6	100%
Mr. Wang Jianping	4/6	67%
Dr. Shi Ping	5/6	83%

An agenda and accompanying Board/committee papers are distributed to the Directors/Board committee members with reasonable notice in advance of the meetings. The company secretary of the Company (the "Company Secretary") assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. Minutes of Board meetings and meetings of Board committees, which record in sufficient detail the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views expressed, are kept by the Company Secretary and are open for inspection by Directors.

Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required. The Company Secretary continuously updates all Directors on the latest development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

The Board is responsible for formulating overall strategy, monitoring and controlling the performance of the Group. In addition to its overall supervisory role, the Board also retains specific responsibilities such as approving specific senior appointments, approving financial accounts, recommending dividend payments, approving policies relating to the Board's compliance, etc. whilst managing the Group's business is the responsibility of the management of the Group (the "Management").

When the Board delegates aspects of its management and administration functions to the Management, it has given clear directions, to the powers of the Management, in particular, with respect to the circumstances where the Management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

The Chairman met with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of Executive Directors during the year.

Training

During the year, the Company has arranged training for the Directors to provide regular updates relating to the roles, functions and duties, corporate governance and change in regulatory requirements so as to enable the Directors to properly discharge their duties under the code provision A.6.5 of the CG Code. The Company arranged one seminar during the year ended 31 December 2019, covering the topics of directors' duties, corporate governance practices and disclosure requirements under the Listing Rules and the Securities and Futures Ordinance, Hong Kong (the "SFO").

Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against the Directors and officers of the Company and its subsidiaries arising out of corporate activities of the Group under the code provision A.1.8 of the CG Code.

Roles of Chairman and Chief Executive Officer

The code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Following the resignation of Mr. Yuen Shu Wah and Mr. Ko Jack Lum as the Chairman and Chief Executive Officer respectively on 31 December 2018, the Company does not have any officer with the title of "chief executive officer". Dr. Li Zhong Yuan has been appointed as the Chairman of the Board on 31 December 2018 and is responsible for formulation of corporate strategy, overseeing the management of the Group and business development. The Chairman also takes the lead to ensure that the Board works effectively and acts in the best interest of the Company by encouraging the Directors to make active contributions to the Board's affairs and promoting a culture of openness and debate. The daily operation and management of the Company is monitored by the Executive Directors as well as the senior management. The Board is of the view that although there is no chief executive officer, the balance of power and authority is struck by the openness and cooperation spirit of the senior management and the Board, which comprises experienced and high-calibre individuals who would meet from time to time to discuss issues affecting operation of the Company and the Group. The structure is supported by the Company's well-established corporate governance structure and internal control policies. The Board shall nevertheless review the structure from time to time to ensure appropriate move is being taken should suitable circumstance arise.

Appointment and Re-election of Directors

Each of the Executive Directors has entered into a service contract with the Company and each of the Non-executive Directors and Independent Non-executive Directors has entered into a letter of appointment with the Company and appointed for a specific term, subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company (the "AGM") in accordance with the articles of association of the Company (the "Articles of Association"). Any new Director appointed by the Board to fill a causal vacancy shall be subject to re-election by shareholders at the next following AGM after appointment.

Board Diversity Policy

The Board has adopted a board diversity policy which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company under the code provision A.5.6 of the CG Code.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Dividend Policy

Subject to the results of the Group's operations, financial condition and position as well as other factors the Board may consider appropriate, dividends may be declared and paid.

Corporate Governance Function

The Board has adopted written terms of reference on corporate governance function so as to assist the Board in supervising the management of its business and office of the Group. During the year, the Board has performed the corporate governance duties in accordance with its terms of reference.

The duties of the Board in respect of corporate governance function are summarised as follows:

(i) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(v) to review the Company's compliance with the code provisions as set out in the CG Code and its disclosure requirements in the corporate governance report.

BOARD COMMITTEES

The Board has established various committees to assist it in carrying out its responsibilities. There are three Board Committees, including the Remuneration Committee, Nomination Committee and Audit Committee to oversee particular aspects of the Group's affairs. Each of the committees has defined terms of reference setting out its duties, powers and functions. The committees report regularly to the Board and, where appropriate, make recommendations on matters discussed.

Remuneration Committee

The Remuneration Committee was established on 6 November 2015 with its written terms of reference. The terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company at http://www.irasia.com/listco/hk/pad/.

The Remuneration Committee currently comprises three members including one Executive Director namely, Dr. Li Zhong Yuan and two Independent Non-executive Directors, namely Mr. Li Gong and Mr. Wang Jianping. The Chairman of the Remuneration Committee is Mr. Wang Jianping. The composition of the Remuneration Committee has complied with the requirements as set out in Rule 3.25 of the Listing Rules that a majority of the members of the Remuneration Committee should be Independent Non-executive Directors and chaired by an Independent Non-executive Director.

During the year, one meeting was held and the attendance of each member at the meeting is set out as follows:

Name of members	Attendance/ number of Remuneration Committee meeting held during tenure	Attendance rate
Mr. Wang Jianping *(Chairman)*	1/1	100%
Dr. Li Zhong Yuan	1/1	100%
Mr. Li Gong	1/1	100%

The remuneration policy of the Group is to ensure all its employees are remunerated in line with market terms and individual performance.

The major roles and functions of the Remuneration Committee are as follows:

(i) to review annually and recommend to the Board the overall remuneration policy and structure for the Directors and senior management;

(ii) to review annually the performance of the Executive Directors and senior management and recommend to the Board specific adjustments in remuneration and/or reward payments;

(iii) to review and recommend the compensation payable to Executive Directors relating to any loss or termination of their office or appointment;

(iv) to review and recommend compensation arrangements relating to dismissal or removal of Directors for misconduct; and

(v) to be responsible for establishing formal and transparent procedures for developing remuneration policy and structure to ensure no Director or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee has adopted the model that it will review the proposals made by the Management on the remuneration of Executive Directors and senior management, and make recommendations to the Board. The Board will have final authority to approve the recommendations made by the Remuneration Committee.

Nomination Committee

The Nomination Committee was established on 6 November 2015 with a set of revised written terms of reference adopted on 5 December 2018. The terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company at http://www.irasia.com/listco/hk/pad/.

The Nomination Committee currently comprises three members including one Executive Director, namely Dr. Li Zhong Yuan and two Independent Non-executive Directors, namely Mr. Li Gong and Mr. Wang Jianping. The Chairman of the Nomination Committee is Mr. Li Gong.

The meeting of the Nomination Committee shall be held at least once a year. During the year, one meeting was held and the attendance of each member at the meeting is set out as follows:

Name of members	Attendance/ number of Nomination Committee meeting held during tenure	Attendance rate
Mr. Li Gong *(Chairman)*	1/1	100%
Dr. Li Zhong Yuan	1/1	100%
Mr. Wang Jianping	1/1	100%

The Nomination Committee is responsible for formulating nomination policy for the Board's consideration and implement the Board's approved nomination policy.

The major roles and functions of the Nomination Committee are as follows:

(i) to review and monitor the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(ii) to identify and nominate individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(iii) to assess the independence of Independent Non-executive Directors;

(iv) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman; and

(v) to review and monitor policy concerning diversity of Board members and make recommendations on any proposed changes to the Board.

Audit Committee

The Audit Committee was established on 6 November 2015 with its written terms of reference. The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company at http://www.irasia.com/listco/hk/pad/.

The Audit Committee currently comprises three Independent Non-executive Directors, namely Dr. Shi Ping, Mr. Li Gong and Mr. Wang Jianping. The current Chairman of the Audit Committee is Dr. Shi Ping. The composition of the Audit Committee has complied with the requirements as set out in Rule 3.21 of the Listing Rules that majority of the members of the Audit Committee should be Independent Non-executive Directors.

The meeting of the Audit Committee shall be held at least twice a year. During the year, two meetings were held and the attendance of each member at the meetings is set out as follows:

Name of members	Attendance/ number of Audit Committee meetings held during tenure	Attendance rate
Dr. Shi Ping *(Chairman)*	2/2	100%
Mr. Li Gong	2/2	100%
Mr. Wang Jianping	2/2	100%

During the year, the Audit Committee performed the following works:

(i) reviewed the financial reports for the year ended 31 December 2018 and for the six months ended 30 June 2019;

(ii) reviewed the effectiveness of the risk management and the internal control systems;

(iii) reviewed the external auditor's statutory audit plan and engagement letters;

(iv) reviewed the management letter from the external auditor in relation to the audit of the Group for the year ended 31 December 2018; and

(v) reviewed and recommended for approval by the Board the audit scope and fees for the year ended 31 December 2019.

The major roles and functions of the Audit Committee are as follows:

(i) to consider the appointment, re-appointment and removal of the external auditor, the audit fees, and any questions of resignation or dismissal of the external auditor of the Group;

(ii) to discuss with the external auditor the nature and scope of the audit;

(iii) to review the interim and annual financial statements before submission to the Board;

(iv) to discuss problems and reservations arising from the interim review and final audit, and any matters the external auditor may wish to discuss;

(v) to review the external auditor's management letter and management's response; and to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(vi) to review the Group's financial controls, internal controls and risk management systems to ensure that they are appropriate and functioning properly; and

(vii) to consider any findings of major investigations of internal control and risk management matters and management's responses.

EXTERNAL AUDITORS

Deloitte Touche Tohmatsu ("Deloitte") resigned as the auditor of the Company with effect from 30 December 2019 as the Company could not reach consensus with Deloitte on the audit fee for the year ended 31 December 2019. An announcement was published by the Company on 30 December 2019, which specified the circumstances leading to the resignation of Deloitte and that Deloitte has confirmed that there is no matter that need to be brought to the attention of the holders of securities or creditors of the Company in relation to its resignation as auditor of the Company. The Board and the Audit Committee have also confirmed that there is no disagreement between Deloitte and the Company, and there is no other matters in respect of the resignation of Deloitte that need to be brought to the attention of the holders of securities or creditors of the Company.

Baker Tilly Hong Kong Limited were appointed as the auditor of the Company with effect from 30 December 2019 to fill the casual vacancy following the resignation of Deloitte and to hold office until the conclusion of the forthcoming AGM.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the year ended 31 December 2019.

During the year ended 31 December 2019, the auditors' remuneration in respect of audit services and non-audit services provided by the auditors of the Group charged to the consolidated statement of profit or loss amounted to approximately HK$2,580,000 (2018: HK$1,380,000) and approximately HK$3,618,000 (2018: HK$741,000), respectively.

RISK MANAGEMENT AND INTERNAL CONTROL

The main features of the risk management and internal control systems are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks across business operations.

The Group has established a risk management framework, which consists of the Board, the Audit Committee and the Risk Management Taskforce. The Board determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems.

The Group has formulated and adopted the Risk Management Policy in providing direction in identifying, evaluating and managing significant risks. At least on an annual basis, the Risk Management Taskforce identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritizes the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

In addition, the Group has engaged an external professional advisor to assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.

The key processes that have been established in reviewing the effectiveness of the risk management and internal control systems include the following:

a. The Remuneration Committee was established to ensure all the Directors and the senior management of the Group are remunerated in line with market terms and individual performance.

b. The Audit Committee reviews internal control issues identified by external auditor, external professional advisor, regulatory authorities and management, and evaluates the adequacy and effectiveness of the Group's risk management and internal control systems. To further enhance control awareness, the Group has also approved launching a whistleblowing policy for employees to raise any concerns about possible improprieties in any matter related to the Group.

c. The corporate reporting functions are delegated to the accounting department in terms of proper and regular reviews on the deployment of resources and financial reporting systems. The corporate governance practices and compliance with the Listing Rules, the SFO and other applicable regulations are delegated to the company secretarial department.

d. Every newly appointed director was provided with a comprehensive handout detailing the responsibilities and duties of being a director of the Company. In particular highlighting the respective applicable rules and regulation, including the Listing Rules, which a director should aware and be informed on the first occasion of his appointment with the Company.

Risk management report and internal control report are submitted to the Audit Committee and the Board at least once a year. The Board considers the Group's risk management and internal control systems are effective.

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Procedures and Internal Controls for the Handling and Dissemination of Inside Information

The Group complies with requirements of the SFO and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements is not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for the preparation of the annual reports, interim reports and the consolidated financial statements of the Company that give a true and fair view in accordance with Hong Kong Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. The statement by the independent auditor about its reporting responsibilities relating to the financial statements for the year ended 31 December 2019 is set out in the Independent Auditor's Report. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

SHAREHOLDERS' COMMUNICATION

The Company has established a communication policy with shareholders and external parties and has maintained different communication channels with its shareholders through the publication of annual and interim reports, circulars and announcements. During the year ended 31 December 2019, an annual general meeting (the "AGM") and an extraordinary general meeting (the "EGM") were held and the attendance of each Director at the AGM and EGM are set out as follows:

Directors	Attendance/ number of AGM held during tenure	Attendance/ number of EGM held during tenure
Executive Directors		
Dr. Li Zhong Yuan *(Chairman)*	1/1	1/1
Ms. Liu Rong Rong (appointed on 6 September 2019)	–	1/1
Non-executive Directors		
Ms. Zuo Yi	1/1	0/1
Mr. Kong Muk Yin (resigned on 10 January 2020)	1/1	1/1
Independent Non-executive Directors		
Mr. Li Gong	1/1	1/1
Mr. Wang Jianping	1/1	1/1
Dr. Shi Ping	1/1	1/1

The AGM provides a useful forum for shareholders to exchange views with the Board. At the Company's last AGM, the Chairman of the Board as well as the Chairman of the Audit Committee, Remuneration Committee and Nomination Committee were present to answer shareholders' questions.

Separate resolutions are proposed at the general meeting for each substantial issue including the re-election of the retiring Directors.

The Company's last AGM was held on 26 June 2019 and notice of the AGM was sent to shareholders at least 20 clear business days prior to the meeting. The Chairman explained the procedures for conducting a poll again at the beginning of the meeting and revealed the level of proxies voted in respect of each resolution. All shareholders are encouraged to attend the general meetings or to appoint proxies to attend and vote at the meetings on their behalf if they are unable to attend the meetings.

The forthcoming AGM will be held on Friday, 19 June 2020, the notice of which will be sent to shareholders at least 20 clear business days before the meeting. An explanation of the detailed procedures for conducting a poll will be provided to the shareholders at the commencement of the meeting. The Chairman will answer any questions from shareholders regarding voting by way of a poll. The poll results will be published in accordance with the requirements of the Listing Rules. All shareholders are encouraged to attend the general meetings or to appoint proxies to attend and vote at the meetings on their behalf if they are unable to attend the meetings.

SHAREHOLDERS' RIGHTS

Right to put enquiries to the Board

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Other shareholders' enquiries can be directed to the head office and principal place of business of the Company in Hong Kong as set out in the Corporation Information section of this Report for the attention of the Company Secretary.

Right to convene special general meeting

Pursuant to Article 58 of the Articles of Association, an extraordinary general meeting can be convened on the requisition of any one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The requisition must be signed by the requisitionists and deposited at the registered office of the Company at the office of Harneys Fiduciary (Cayman) Limited at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands or the head office and principal place of business of the Company in Hong Kong at Room 1707–08, 17/F, New World Tower 1, 16–18 Queen's Road Central, Hong Kong for the attention of the Company Secretary.

Right to put forward proposals at general meetings

Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph. Shareholders can also send enquiries and proposals putting forward for shareholders' consideration at shareholders' meetings to the Board in writing to the head office and principal place of business of the Company in Hong Kong at Room 1707–08, 17/F, New World Tower 1, 16–18 Queen's Road Central, Hong Kong or directly by raising questions at the general meeting of the Company.

INVESTOR RELATIONS

The Company maintains a website at http://www.irasia.com/listco/hk/pad/ where information and updates on the list of Directors and their roles and functions, constitutional documents, terms of reference of the Remuneration Committee, the Nomination Committee and the Audit Committee, procedures for nomination of Directors for election, announcements, circulars and reports released to the Stock Exchange and other information are posted. Information on the Company's website will be updated from time to time.

Throughout the year and up to the date of this Report, there was no significant change in the Company's constitutional documents.

On behalf of the Board
Pan Asia Data Holdings Inc.

Li Zhong Yuan
Chairman

Hong Kong, 31 March 2020

Pan Asia Data Holdings Inc. (the "Company", "We" and "Our") presents this Environmental, Social and Governance ("ESG") report (the "Report") for the year ended 31 December 2019 ("Reporting Period"), in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide (the "ESG Guide") of the Rules Governing the Listing of Securities on the Main Board of The Hong Kong Stock Exchange Limited.

The Company is principally engaged in two businesses: (1) third-party payment services, (2) manufacturing customized liquid and powder coatings.

REPORTING SCOPE

In view of our group structure, ESG risks, and stakeholders' interests, the ESG disclosures contained in this Report cover the third-party payment services business in Shanghai, and coating manufacturing facilities in Guangzhou and Shenzhen, in the People's Republic of China ("PRC").

ESG GOVERNANCE STRUCTURE

Our ESG working group has been established with senior management and department heads across different functions. The Board of Directors of the Company has the overall responsibility for our ESG reporting and strategy. The key responsibilities of the ESG working group, which reports to the management and the Board of Directors (the "Board"), are set out below:

- Developing ESG vision and missions of Pan Asia Data Holdings Inc. and its subsidiaries (collectively "the Group");
- Managing ESG-related risks;
- Evaluating the effectiveness of the Group's ESG management systems; and
- Reporting regularly the ESG objectives achieved to the Board.

The ESG working group is authorized by the Board to perform certain tasks including stakeholder engagement and materiality assessment. The ESG working group could engage internal and external parties while assessing the material ESG issues of the Group, and could also seek professional advices at the expense of the Group.

In addition, our Board is committed to demonstrating the industry standards in its ESG policies. For example, the Board adheres to the latest laws and regulations released by the local authorities, and optimizes the standard operating procedures in order to highlight the ESG initiatives valued by the Board.

The Board reviews regularly the risk management process, discusses and assess with the abovementioned ESG working group the Group's ESG risks. Remediation steps, including deployment of proper internal controls, will be taken immediately to mitigate the prevailing risks identified by the ESG working group. Regarding the Company's monitoring on the effectiveness of risk management and internal control systems, please refer to the "RISK MANAGEMENT AND INTERNAL CONTROL" section of the Company's "CORPORATE GOVERNANCE REPORT" for details.

Stakeholder Engagement

We aim to get prepared for the material aspects that affect our operation, through effective communication with our stakeholders who can influence or get influenced by the Group's decision. We have adopted engagement methods for the following stakeholders:

#	Relevant Stakeholders	Engagement Methods
1	Customers	• Company website • Customer service hotline • Customer survey • Business meetings
2	Suppliers and Business Partners	• Business meetings • Site visit • Supplier performance evaluation
3	Employees	• Regular meetings • Staff emails and notifications • Employee activities • Staff training • Performance appraisal
4	Investors and Stockholders	• General meetings • Annual and interim reports • Circulars and announcements
5	Government and Supervising Authorities	• Public consultation • Meetings • Seminars • Regular assessment
6	Social Groups and Public	• Charitable activities • Community events
7	Media	• Press release

MATERIALITY ASSESSMENT

We have conducted our materiality assessment according to the ESG Reporting Guide. Our approach to the materiality assessment is as follows:

Identification of material ESG issues	We engaged our business functions through internal meetings, daily communication and questionnaires to identify and assess materiality of relevant ESG issues of our business as well as our stakeholders.
Prioritization of the ESG issues	The ESG issues were discussed and prioritized by the management of the Group ("the Management") in terms of economic, environmental and social impacts to the Group.
Validation of the material ESG issues	The material ESG issues would be summarized in this ESG Report after the Board endorsed the prioritization result.

Regarding the materiality assessment, we have identified material ESG issues as follows:

	ESG Aspect	Material ESG issues
	Social	
B6	Product Responsibility	• Quality Assurance • Customer Service • Data Privacy
B7	Anti-corruption	• Anti-corruption and Fraud
B2	Health and Safety	• Occupational Health and Safety
B1	Employment	• Employment Policies and Equal Opportunity
B4	Labour Standards	• Anti-Child and Forced Labour
B5	Supply Chain Management	• Green Procurement
B3	Development and Training	• Staff Training and Development
B8	Community Investment	• Social Responsibility
	Environmental	
A1	Emissions	• Waste Management • Wastewater Discharge • Air Emissions • Greenhouse Gas Emissions
A2	Use of Resources	• Energy Consumption • Water Consumption • Use of Packaging Materials
A3	The Environment and Natural Resources	• Dust • Noise • Environmental Coating Products

SOCIAL

Product Responsibility

Quality Assurance

Coating product business

In the process of manufacturing chemical coatings, we strictly monitor the quality of the finished products, and the potential safety issues in using our products. Since the manufacturing processes involve the use of chemicals, we are committed to complying with international regulations on product safety, and protecting consumers' health on using our products.

The principle of Hazardous Substance Free ("HSF") and the associated standards are applied in the examination of raw materials and finished products. Raw materials and production tools are tested in order to prevent hazardous substances from passing to the production line and final products. Finished products are examined by the quality assurance department in order to ensure the products are free from hazardous substances and safe to use. Products not meeting the safety standards are segregated and prohibited for sales. We attempt our best in protecting health of the users of our products. If there is quality or health and safety issue identified in our products, we will commence our recall mechanism to retrieve the defective products from the industry chain. We adhere to the Product Quality Law of the People's Republic of China during our production and selling processes. We will continuously seek for opportunities in enhancing the safety of our products.

Third-party payment services

We devote our effort in providing a fast, secure and effective payment platform. We pay extra attention to compatibility as well as network and physical security to our hardware and software in order to maintain stable and reliable service for our customers. We have established policies and procedures regarding daily operations, emergency and business continuity for our services and compliance of the Administrative Measures for the Payment Services Provided by Non-financial Institution issued by the People's Bank of China.

Internal check has been performed regularly to ensure successful implementation of our systems. We have established standard and customized testing attributes regarding our system features as well as regulatory requirements by the government authorities. All tests performed by ourselves and government authorities record satisfactory results.

With the successful implementation of quality control mechanism, the Company reduces the production of defective coating products and maintains the superior quality of payment platform services provided to our customers.

Customer Service

The Company strives to provide the impeccable services in supporting our products and services. Our customer service personnel offers comprehensive assistance to customers on the application of products and services with their professional knowledge. Meanwhile, marketing materials, product instructions and labels have been provided with accurate information in order to communicate with customers the details of the products and services.

We welcome our customers to provide feedback on our products and services. If customers are dissatisfied with our products or services, they are welcome to raise their comments or submit their complaints through our communication channels. We have established complaint resolution procedures and logs for handling and recording complaints where the complaints are summarized regularly for the Management's review and the Management is responsible to design and implement remedial actions for material deficiencies. On an annual basis, we conduct customer satisfaction survey in understanding the opinions of our customers.

Data Privacy

Customer personal data is collected during our work. In order to ensure the compliance with the General Principles of the Civil Law of the PRC, we strive to ensure the confidentiality of customer data, and prohibit unauthorized access and use of data. We implement data protection procedures and logical security measures in protecting the sensitive data. Employees are granted access rights to customer data on a need-to-know basis.

In our third-party payment services business, we encrypt all of our incoming and outgoing data in order to prevent the transactions and customer data from unauthorized access. We adopt unique encryption method in order to provide high level of assurance to protect our operation data. All of our staff members acknowledge to our confidentiality standards set in our code of conduct.

We believe our current practices have properly managed the compliance of the abovementioned product safety, advertising and privacy-related laws and regulations and therefore there was no material non-compliance noted during the Reporting Period.

Anti-corruption

Anti-corruption and Fraud

We strive to achieve high standards of ethics in our business operations. Fraudulent events such as corruption, bribery, and collusion are strictly prohibited. Employees should comply with our internal Code of Conduct while performing business activities, and they should consult the Management if they suspect any potential misconduct case. Employees are required to declare periodically their conflict of interest that will impair the integrity under their job responsibilities.

We strictly adhere to the Anti-Unfair Competition Law of the PRC, Interim Provisions on Banning Commercial Bribery, Criminal Law of the People's Republic of China in our general business environment while in our payment platform business, we also comply with Anti-Money Laundering Law of the People's Republic of China and all other related administrative measures.

To comply with the laws and regulations and promote ethical environment, we have established a whistle-blowing channel for reporting potential fraudulent activities. The Management is responsible for handling these cases. To further mitigate business frauds, an internal audit department has been established for continuous evaluation of our internal control effectiveness, detection of potential deficiencies, and development of improvement areas. An audit report is prepared and distributed to the responsible departments for timely remediation.

We believe our current practices have properly managed the compliance of the abovementioned corruption-related laws and regulations, and there was no material non-compliance noted during the Reporting Period.

Health and Safety

Occupational Health and Safety

Workplace safety is the foremost thought in carrying our business activities in both our offices and factories. To maintain a safe working environment, we have established safety policies on the prevention and remediation of safety accidents, and detection on potential safety hazards in workplace.

We monitor the workplace safety continuously, and perform examination of workplace safety hazards by evaluating the risk level of each potential hazard on an annual basis. The examination effectively facilitates health and safety planning as an ongoing occupational safety monitoring procedure. In case of industrial accident, the incident will be recorded in a detailed log. Responsible functions would investigate the cause, and implement remedial actions for mitigating future occurrence. Employees are welcome to provide feedbacks on improving the workplace safety.

To mitigate the health risk in our manufacturing business, protective equipment is provided for employees. Manufacturing machines are checked regularly to prevent any undesired events or accidents. Employees are required to attend the training about occupational safety and environmental control. Hazardous production materials and wastes are strictly segregated with care. Emergency and evacuation procedures are established to respond timely and orderly to any major safety accidents.

We are committed to complying with the Work Safety Law of the PRC and Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents. Our safety manuals are updated with the laws and regulations accordingly. We believe our current practices have properly managed the compliance of the abovementioned health and safety laws and regulations, and there was no material non-compliance noted during the Reporting Period.

Employment

Employment Policies and Equal Opportunity

Human resources are our foundation in supporting the development of the Company. Hence, we have established the Human Resources Management Policy to fulfil our vision on people-oriented management and realize the full potential of employees. The human resources management procedures have been formally documented, covering resources planning, performance evaluation, training, recruitment, resignation, transfer, compensation, welfare, work hours, leaves and employee satisfaction survey.

We have established objective performance indicators for annual performance evaluation. Supervisor discusses the performance with employee in achieving an effective two-way communication for advancement. Based on the evaluation result, we offer rewards to employees who perform well in order to encourage their continuous improvement.

To enhance the working satisfaction of our employees, we have established various communication channels, including orientation process for new joiners, mailbox for recommendation, and employee satisfaction survey. On a semi-annual basis, survey forms are distributed in order to understand employees' opinions on multiple areas such as work responsibility, working environment, organization and employee relationship, and compensation and benefits. Our Management reviews the result of the survey and implements corresponding improvement actions.

We do not tolerate workplace discrimination. Regardless of personal characteristics such as age, sex, religious belief, nationality and pregnancy, we provide our staff members with equal opportunities for promotion, training and resources.

With operation locations mainly in China, our human resources department alert to the latest update and announcement of Labor Law of the PRC and Labor Contract Law of the PRC. Internal policies and procedures are updated timely to ensure compliance with the local laws and regulations. We believe our current practices have properly managed the compliance of the abovementioned employment laws and regulations, and there was no material non-compliance noted during the Reporting Period.

Labour Standards

Anti-Child and Forced Labour

We believe children and our employees should not be exploited unfairly for self-benefits therefore child and forced labour are strictly prohibited in our operations. We also adhere to the relevant laws and regulations such as Labor Law of the PRC and Labor Contract Law of the PRC. During the recruitment process, our human resources personnel verifies the identification document of the job applicants, and interviews the candidates to confirm the recruitment is free from child and forced labour matter.

We believe our current practices have properly managed the compliance of the abovementioned labour laws and regulations, and there was no material non-compliance noted during the Reporting Period.

Supply Chain Management

Green Procurement

The Company recognizes the importance of green supply chain management in mitigating the indirect environmental and social risks. In view of green supply chain management, we are aware of the environmental and social practices of our suppliers, and try to engage suppliers with responsible acts to the society.

We strive to actively share green practices with our suppliers, and convey the message of sustainable operations to them. In the supplier selection process, suppliers' environmental and social performance are considered as selection criteria for establishing long-term relationship. For example, selected suppliers should not violate the national environmental and labour laws, while substantial violation may lead to termination of supplier relationship. We review the performance of suppliers regularly with onsite inspection, and provide guidance on improving their current practices.

Development and Training

Staff Training and Development

We provide sufficient training to our employees on quality, environmental rules, and occupational safety, with an aim to enhance employees' awareness, skills, and knowledge. We believe training can facilitate effective operations of our business activities.

To ensure the effectiveness of the training programmes, we have developed the Training Management Policy governing the training procedures. A training plan is developed by the Management according to the work nature of employees. Employees are provided with trainings that are necessary for acquiring industry knowledge, latest regulatory updates and technical licences. The Management reviews and improves the effectiveness of training programmes. The facilitators are required to be qualified before delivering the training, for example, possessing knowledge about procedures of the operating sectors, and related laws and regulations.

Community Investment

Social Responsibility

We take initiatives to consider the community's interest on our business activities. We aim to promote the stability of our society, and support the underprivileged on rehabilitation to improve their quality of life. We regularly communicate with local charities in understanding the prevailing issues. Employees are also encouraged to provide feedbacks regarding their experiences in the community.

In order to help the needy, we participate in community activities such as donations, volunteering services and sponsorships. With the active participation in community events, we believe it helps to connect us with the local community, and maintain a mutually beneficial relationship to the society as a whole.

ENVIRONMENTAL

Emissions

The Company strives to continuously improve the environmental performance through the implementation of control and monitoring measures. Regarding the environmental factors identified by business units, corresponding control and monitoring procedures have been designed and implemented for mitigating the respective environmental impacts. We are also committed to complying with the relevant environmental laws and regulations such as the Atmospheric Pollution Prevention and Control Law of the PRC, Water Pollution Prevention and Control Law of the PRC, Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes, and Law of the PRC on Prevention and Control of Pollution from Environmental Noise.

Our waste and emission reduction initiatives are constantly communicated with employees for the effective implementation of our controlling measures. We understand that employees' support is the prerequisite on achieving our environmental target. Regular training is organized in order to assist the employees in developing their awareness on protecting the environment.

We believe our current practices have properly managed the compliance of the abovementioned environmental laws and regulations, and there was no material non-compliance noted during the Reporting Period.

Waste Management

Wastes are generated in both of our third-party payment services and coating manufacturing businesses.

Various hazardous wastes including coating scrap, sludge from wastewater treatment plant and spent solvent are generated in our coating manufacturing process. Our non-hazardous wastes produced are principally scrap metal in factories and papers in offices. During the Reporting Period, the quantities of wastes disposed are as follows:

		2019		2018	
Type	**Unit**	**Amount**	**Intensity**	Amount	Intensity
Hazardous waste	Tonnes	**17**	**0.000003 (per kg of coating product manufactured)**	14	0.000003 (per kg of coating product manufactured)
Non-hazardous waste	Tonnes	**58**	**0.00000008 (per Hong Kong dollar of revenue)**	36	0.000007 (per kg of coating product manufactured)

As compared to 2018, the quantity of hazardous waste slightly increased as a result of higher production volume of certain coating products in 2019. As a result of including our third-party payment services business into the calculation of non-hazardous waste, we recorded a higher amount of non-hazardous waste in the Reporting Period than 2018.

We have established guidelines on handling hazardous wastes. Hazardous wastes have been identified and stored in a segregated warehouse from non-hazardous wastes. Licensed waste collector has been engaged to collect hazardous wastes. We have established a quality control mechanism specializing in exploring the measures to reduce coating scrap.

We have educated our employees on treatment and reduction principles about non-hazardous waste which is sorted and recycled by qualified waste collectors. Employees in both factories and offices are also encouraged to take initiative to recycle and reuse materials such as containers.

We believe our procedures to recycle, handle and transfer wastes could reduce the waste generated in our operations in long run.

Wastewater Discharge

According to government regulations, enterprises and institutions that discharge pollutants directly or indirectly into the water shall obtain the Pollutants Discharge Permit and pay pollutant discharge fees based on the types and quantity of the wastewater discharged. In 2019, the wastewater discharged amounts to 19,035 (2018: 5,600) cubic meters. The increase is led by production of specific types coating products that create more wastewater.

While we discharge wastewater at office through building's discharge pipelines, we have constructed wastewater treatment plants in our manufacturing facilities to collect wastewater through wastewater pipelines while uncontrolled discharge is strictly prohibited. After the wastewater treatment, the pollutants in wastewater are maintained at a concentration level that is under the requirement specified by the government authority. We have implemented real-time monitoring system to examine the pollutant concentration of wastewater. We also perform regular maintenance on the machinery of wastewater treatment plants. To reduce the quantity of wastewater discharged, filtered and treated wastewater is circulated back to production facilities for reuse.

With our enhanced wastewater treatment mechanism, we believe we will achieve a low level of wastewater discharged in the future.

Air Emissions

Air pollutants are generated from the delivery activities of our self-owned vehicles. We do not own any power-generating facility while our office appliances and production machineries are powered by purchased electricity, hence we consider our air emissions produced from direct sources are minimal. During the Reporting Period, the quantity of air pollutants produced from vehicles[1] is as follows:

Type	Unit	2019 Amount	2018 Amount
Nitrogen oxides ("NOx")	Tonnes	**2.27**	2.26
Sulphur oxides ("SOx")	Tonnes	**0.0029**	0.0027
Particular matter ("PM")	Tonnes	**0.19**	0.19

Compared to 2018, the amount of NOx and SOx slightly increased in the Reporting Period because of the inclusion of our third-party payment services business. The amount of PM generated in the Reporting Period remained the same as 2018. We believe our adoption of environmentally-friendly vehicles, preference in travelling on highways, and improved drivers' attitudes increase the overall fuel efficiency.

In order to mitigate the impact of air pollutant from production activities, we have implemented measures to restrict the production and emission of dust, organic volatile gas, and exhaust gas from machineries. Emission controlling measures have been implemented to re-capture air pollutants by chemical and physical means, such as thermal oxidizers, water spray and air pumps.

Motor vehicles have been examined regularly on the exhaust gas emission and unsatisfied performance. We have scheduled the use of our motor vehicles to enhance the overall efficiency. Clean fuels have been used in order to reduce the pollutants emitted from mobile source combustions.

In addition, the PRC Government promotes the use of water-based coatings and encourages the production, sales and use of low-toxic and low-volatile organic compounds ("VOCs") solvents and advance measures for the treatment of VOCs pollution. We have actively participated in these initiatives with an aim to reduce air emissions. We have acquired and installed machinery to handle fugitive emission of VOCs. During the Reporting Period, the amount of VOCs decreased is within 80 to 90%.

1 The emission data of air pollutants was calculated with reference to "Reporting Guideline on Environmental KPIs" published by The Hong Kong Stock Exchange Limited.

Greenhouse Gas Emissions

Our greenhouse gas ("GHG") emitted is mainly from the consumption of electricity and fuel. During the Reporting Period, the total amount of carbon dioxide equivalent ("CO_2e") emission is as followings:

		2019		2018	
Source of emission[2]	Unit	Amount	Intensity (per Hong Kong dollar of revenue)	Amount	Intensity (per kg of coating product manufactured)
Business activities	Tonnes	**2,463.3**	**0.000003**	2,192.2	0.000424

As compared to 2018, the GHG emission generated in the Reporting Period increased by more than 10% because of the inclusion of our third-party payment services business.

Regarding the initiatives to reduce GHG emissions, please refer to the section "Energy Consumption".

Use of Resources

We believe that resources conservation is everyone's responsibility in maintaining the sustainability of the society. To conserve resources, we have established the Resources and Energy Management Procedures in controlling the use of resources through improving the efficiency of resources consumption, and minimizing wastage in the production process. During the production process, electricity, fuel, water, raw materials, and office consumables are consumed.

For raw materials and office consumables, user departments are required to set target and limit for consumption based on the production level, and improve the production techniques for efficient use of resources. Production sections enforce tight quality control on reducing wastage during production process. We are exploring the feasibility to use renewable raw materials in our production.

2 Greenhouse gas emissions was calculated with reference to the "Greenhouse Gas Protocol" published by the World Business Council for Sustainable Development and World Resources Institute, "Reporting Guideline on Environmental KPIs" published by The Hong Kong Stock Exchange Limited, "中國化工生產企業温室氣體排放核算方法與報告指南(試行) (China Chemical Production Enterprise Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines (Trial)*)", "陸上交通運輸企業温室氣體排放核算方法與報告指南(試行) (Land Transportation Enterprise Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines (Trial)*)" published by the National Development and Reform Commission of the PRC, and "2017年度減排項目中國區域電網基準線排放因子 (2017 Emission Reduction Project China Regional Power Grid Baseline Emission Factor*)" published by the Ministry of Ecology and Environment of the PRC.

* English translated name is for identification purpose only

Energy Consumption

Our major type of energy consumed is electricity, which is used to support the operations of machinery, indoor lighting and air-conditioning. We also consume fuels for our self-owned vehicles.

During the Reporting Period, the amount of energy consumption and their respective intensity are as follows:

		2019		2018	
Energy Type	**Unit**	**Amount**	**Intensity (per kg of coating product manufactured)**	Amount	Intensity (per kg of coating product manufactured)
Electricity	kWh	**3,409,319**	**0.004666**	4,882,920	0.000325
Diesel	Liter	**149,388**	**0.000204**	155,044	0.000078
Petrol	Liter	**34,560**	**0.000047**	14,136	0.000003
Natural Gas	m^3	**36,000**	**0.000049**	42,000	0.000018

As compared to 2018, we consumed less electricity, diesel and natural gas in the Reporting Period because of our efficient energy initiatives mentioned below. On the other hand, we recorded an increase of petrol usage and it is attributed to the inclusion of our third-party payment services business which maintains private cars.

We have monitored closely the energy usage especially the machinery with high consumption rate. User departments are required to summarize the energy usage on monthly basis, and investigate on the significant variance. Maintenance of machinery is performed regularly to prevent the occurrence of abnormal operations and inefficient fuel consumption. The setting and configuration of our machinery are constantly being fine-tuned to be more eco-saving. Some of our machines consume 20% less energy after the improvement on configuration.

In offices, idle appliances are turned off after working hours. We have been replacing the fluorescent tube with LED lights to enhance the energy efficiency.

Water Consumption

We consume considerably large amount of water during the production process of coating products, when compared to our third-party payment services business. We do not notice any difficulty in sourcing the water resources. During the Reporting Period, the water purchased and consumed by us is as follows:

		2019		2018	
	Unit	**Amount**	**Intensity (per Hong Kong dollar of revenue)**	Amount	Intensity (per kg of coating product manufactured)
Water	m^3	**49,663**	**0.000068**	52,469	0.010143

As compared to 2018, the water usage in the Reporting Period decreased by approximately 5%, resulting from the reuse of water in our operation and the water-efficient production process designed and implemented.

We have implemented water recycling system to process wastewater in our factories for reuse purpose. Filtered wastewater from production is used at floor cleaning. Water usage is monitored by user departments which are responsible to investigate the abnormal usage. We also encourage our employee to reuse domestic water for washing and cleaning. A slight decrease of water usage has resulted from the abovementioned initiatives.

Use of Packaging Materials

We consumes metal containers, plastic containers and plastic bag as packaging materials of our coating products. During the Reporting Period, the packaging materials consumed in our operations are as follows:

		2019		2018	
	Unit	Amount	Intensity (per kg of coating product manufactured)	Amount	Intensity (per kg of coating product manufactured)
Packaging materials	Tonnes	**955.41**	**0.000171**	749.92	0.000145

As compared to 2018, the amount of packaging materials increased by approximately 27% as there was redesign of packaging and higher production volume.

We aim to reduce the packaging material by continuously reviewing and enhancing the production and packing process. We also try to explore the opportunity to use stronger, thinner and lighter packaging materials from the market.

The Environment and Natural Resources

In our third-party payment services business, although we only consume electricity and fuels of vehicles, and believe our environmental impact is minimal, we implement certain policies and procedures such as shutting down the appliance during idle time in order to reduce emission and hence pollution from the source.

In our coating products manufacturing business, we have established the Environmental Factor Identification and Evaluation Control Procedures, aiming to accurately and thoroughly identify the environmental factors in our business activities, products, and services. Following the identification, we have developed a set of evaluation criteria in determining the materiality of the environmental factors to our business. The material environmental factors identified are recorded in an Environmental Factor Register for circulation and monitoring. By adopting such procedures, we aim to minimize the environmental impact, and ensure the compliance with related environmental laws and regulations.

We devote to make a better environment through the establishment of our environmental management system. Our achievement includes ISO 14001:2015 Certificate (relating to environmental management systems) awarded to the Shenzhen Pinefield Chemical Enterprises Company Limited and Manfield (Guangzhou) Innovative Materials Limited (formerly known as Springfield Chemical (Guangzhou) Company Limited) (both are subsidiaries of the Company).

Dust

During the transfer and delivery of raw materials, dust is emitted and could be blown to the surrounding area. In order to reduce dust emissions, the production facilities adopt dust reduction measures. Air filtering system has been installed at conveyor, hopper and other equipment used for transferring, loading and unloading raw materials. Dust in the air is processed through bag filters and released to the dust collector. Water spraying is also applied in dusty environment.

Noise

Operations of production machinery generate noise that may cause disturbance to the neighborhood. To reduce the noise intensity of our production facilities, production process with high noise intensity has been run in a fully closed area far from residential area. Machinery with low noise emission level is preferred in our procurement process. Maintenance on production machinery has been conducted on a regular basis.

Green Coating Products

We have conducted product re-engineering to produce environmentally friendly coating products. Traditional coating products may contain toxic chemicals and volatile organic compounds ("VOCs"), which may cause undesirable effects to human health. The new water-based coatings use low-toxic and low-VOCs solvents, which have a significantly lower VOCs content than the traditional solvent-based coating products.

We also have enhanced the durability and abrasion resistance of our products, hence extending the life of decoration and reducing the maintenance cost. Our coating products possess reflective characteristic that reflects outdoor sunlight and reduces indoor temperature.

INDEPENDENT AUDITOR'S REPORT

bakertilly
天職國際

To the shareholders of Pan Asia Data Holdings Inc.
(formerly known as Manfield Chemical Holdings Limited)
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Pan Asia Data Holdings Inc. and its subsidiaries (together the "Group") set out on pages 52 to 133, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2018 were audited by another independent auditor whose report dated 31 March 2019 expressed an unmodified opinion on those consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Accounting related to major acquisition of a subsidiary	
During the year ended 31 December 2019, the Group completed an acquisition of Mao Hong Information Technology Holding Limited ("Mao Hong") are considered to be significant. For the acquisition of Mao Hong at a consideration of approximately HK$746,632,000, the Group's share of fair value of identifiable net assets acquired amounted to approximately HK$408,382,000 and the goodwill arising from the acquisition amounted to approximately HK$338,250,000. Management engaged external valuer to value the assets and liabilities acquired in the acquisition, including the identification and valuation of intangible assets. Accounting for the acquisition is an area of focus because of (a) the significance of the acquisition, (b) critical accounting estimates and judgements involved in the identification and valuation of intangible assets acquired, in particular for those amounts valued by income approach, and (c) valuation of the assets and liabilities that are recognised. When determining the fair value of assets and liabilities recognised in the acquisition, valuations based on discounted cash flow model were primarily used. Key assumptions used include discount rates, revenue growth rates and gross margins. Any significant changes in these key assumptions may give rise to material changes in the fair value of the acquired assets and liabilities including intangible assets, which directly impact the goodwill recognised. Besides that, the consideration for the acquisition includes non-cash consideration (promissory notes payable) and contingent consideration payable. Such contingent consideration payable are measured at fair value on initial recognition date and as at 31 December 2019. The related disclosures are included in notes 3.3 and 34 to the consolidated financial statements.	Our procedures in relation to assess the reasonableness of the key assumptions used in assessing the fair value of the assets and liabilities, which are determined based on income approach, acquired in the acquisition and price allocation to intangible assets: • Assessing the competence, independence, capabilities and objectivity of management's external valuer; • Obtaining the valuation report and discussed with the external valuer on the methodologies and key assumptions used; • Involving our valuation experts to evaluate the methodologies used to determine the fair values of assets and liabilities recognised (including the valuation of intangible assets acquired) and contingent consideration payable, and benchmarked the discount rates applied to other comparable companies in the same industry; and • Assessing the reasonableness of key assumptions such as discount rate, revenue growth rates and gross margins applied by management by comparing them with economic and industry forecasts to assess the reasonableness of management forecasts. We found the key assumptions as stated above to be supported by the evidence obtained.

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment of goodwill	
As at 31 December 2019, the Group's goodwill amounted to approximately HK$338,250,000. Management engaged external valuer to test whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 3.4. The recoverable amount of cash generating units have been determined based on value-in-use calculations. The value-in-use calculations use cash flow projections approved by management which involve judgements by management such as determining the discount rates, revenue growth rates, gross margins and operating margins. Changes in these assumptions may impact the recoverable amount of goodwill. We focused on this area as the assessment involved significant judgements, including the revenue growth rates, gross margins, operating margins and discount rates applied to the estimates of the recoverable amount. The related disclosures are included in notes 3.4, 4 and 19 to the consolidated financial statements.	Our procedures in relation to assess the reasonableness of the key assumptions including discount rates, revenue growth rates and gross margins applied by management in the impairment assessment of goodwill based on value-in-use calculations: • Assessing the competence, independence, capabilities and objectivity of management's external valuer; • Obtaining the valuation report and discussed with the external valuer on the methodologies and key assumptions used; and • Assessing the reasonableness of key assumptions such as revenue growth rates and gross margins applied by management by comparing them with economic and industry forecasts and benchmarked the discount rates applied to other comparable companies in the same industry to assess the reasonableness of management forecasts. We found the key assumptions as stated above to be supported by the evidence obtained.

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment of trade and other receivables	
As at 31 December 2019, the Group's net trade and other receivables amounted to approximately HK$555,882,000. Management performed credit evaluations for the Group's customers and assessed expected credit losses of trade and other receivables. These assessments were focused on the customers' settlement record and their current repayment ability, and also took into account information specific to respective customer as well as pertaining to the economic environment in which the customer operate. All of these assessments involved significant judgements of the management. We have identified the impairment assessment of trade and other receivables as a key audit matter because the carrying amount of trade and other receivables are material to the Group and significant degree of judgements were made by the management in assessing the credit rating of the Group's customers. The related disclosures are included in notes 3.13, 24 and 41 to the consolidated financial statements.	Our procedures in relation to impairment assessment of trade and other receivables included: • Understanding the management's assessment of expected credit losses of trade and other receivables and assessed the reasonableness of the key underlying information referenced by the management; • Testing whether the loss allowance was properly supported by considering available forward-looking information, the debtors' ageing analysis, settlement record and history of bad debt; and • Reviewing subsequent settlement records and challenging management regarding their reasons for not considering a provision against any unsettled past-due balances. We found the estimation and judgement made by management in respect of the expected credit losses allowance and the collectability of trade and other receivables were supportable by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. The report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

— Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in the independent auditor's report is Gao Yajun.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 31 March 2020

Gao Yajun
Practising certificate number P06391

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Revenue	5	**730,699**	426,346
Cost of sales		**(522,915)**	(341,005)
Gross profit		**207,784**	85,341
Other income	7	**28,435**	19,235
Other gains and losses	8	**(7,253)**	(76)
Impairment losses under expected credit loss model	9	**(3,672)**	(1,541)
Distribution and selling expenses		**(53,304)**	(38,591)
Administrative expenses		**(119,519)**	(63,300)
Finance costs	10	**(16,702)**	(5)
Share of results of associates	20	**3,733**	8,397
Profit before taxation	12	**39,502**	9,460
Income tax expense	13	**(8,400)**	(2,092)
Profit for the year		**31,102**	7,368
(Loss)/profit for the year attributable to:			
Owners of the Company		**(23,309)**	8,563
Non-controlling interests		**54,411**	(1,195)
		31,102	7,368
(Loss)/earnings per share			
Basic and diluted	15	**(HK3.8) cents**	HK1.4 cents

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019 HK$'000	2018 HK$'000
Profit for the year	**31,102**	7,368
Other comprehensive expense		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(33,148)**	(13,051)
Share of other comprehensive expense of associates	**(3,153)**	(7,623)
Other comprehensive expense for the year	**(36,301)**	(20,674)
Total comprehensive expense for the year	**(5,199)**	(13,306)
Total comprehensive (expense)/income attributable to:		
Owners of the Company	**(41,469)**	(11,503)
Non-controlling interests	**36,270**	(1,803)
	(5,199)	(13,306)

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	16	**99,368**	98,029
Right-of-use assets	17	**70,051**	–
Prepaid lease payments	18	**–**	25,960
Intangible assets	19	**1,827,270**	–
Interests in associates	20	**325,586**	182,587
Financial assets at fair value through profit or loss	21	**511**	–
Deferred tax assets	22	**1,440**	–
Deposits paid in respect of right-of-use assets/prepaid lease payments		**2,628**	3,095
		2,326,854	309,671
Current assets			
Prepaid lease payments	18	**–**	782
Inventories	23	**45,731**	45,277
Trade and other receivables	24	**555,882**	133,881
Tax recoverable		**23**	377
Restricted bank deposits	25	**424,285**	–
Bank balances and cash	26	**420,058**	180,246
		1,445,979	360,563
Current liabilities			
Trade and other payables	27	**801,288**	54,565
Lease liabilities	28	**9,250**	–
Borrowings	30	**50,234**	–
Promissory notes payable	29	**9,391**	–
Tax payable		**15,531**	1,689
		885,694	56,254
Net current assets		**560,285**	304,309
Total assets less current liabilities		**2,887,139**	613,980
Non-current liabilities			
Deferred tax liabilities	22	**369,032**	–
Borrowings	30	**500,000**	–
Lease liabilities	28	**20,252**	–
Contingent consideration payable	34	**205,846**	–
		1,095,130	–
Net assets		**1,792,009**	613,980

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Note	**2019 HK$'000**	2018 HK$'000
Capital and reserves			
Share capital	*33*	**6,631**	6,000
Reserves		**748,754**	595,650
Equity attributable to owners of the Company		**755,385**	601,650
Non-controlling interests		**1,036,624**	12,330
Total equity		**1,792,009**	613,980

The consolidated financial statements on pages 52 to 133 were approved and authorised for issue by the Board of Directors on 31 March 2020 and are signed on its behalf by:

Li Zhong Yuan
Director

Liu Rong Rong
Director

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 *(Note a)*	Shareholders' contribution/ distribution reserve HK$'000 *(Note b)*	Translation reserve HK$'000	Other reserve HK$'000 *(Note c)*	Non-distributable reserve HK$'000 *(Note d)*	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2018	6,000	133,883	32,000	(274)	24,588	4,571	11,393	427,992	640,153	14,133	654,286
Profit/(loss) for the year	–	–	–	–	–	–	–	8,563	8,563	(1,195)	7,368
Other comprehensive expense											
Exchange differences arising on translation of foreign operations	–	–	–	–	(12,443)	–	–	–	(12,443)	(608)	(13,051)
Share of other comprehensive expense of associates	–	–	–	–	(7,623)	–	–	–	(7,623)	–	(7,623)
Other comprehensive expense for the year	–	–	–	–	(20,066)	–	–	–	(20,066)	(608)	(20,674)
Total comprehensive (expense)/income for the year	–	–	–	–	(20,066)	–	–	8,563	(11,503)	(1,803)	(13,306)
Appropriation to statutory reserve	–	–	–	–	–	–	1,740	(1,740)	–	–	–
Dividend paid *(Note 14)*	–	(3,077)	–	–	–	–	–	(23,923)	(27,000)	–	(27,000)
At 31 December 2018 and 1 January 2019	**6,000**	**130,806**	**32,000**	**(274)**	**4,522**	**4,571**	**13,133**	**410,892**	**601,650**	**12,330**	**613,980**
(Loss)/profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(23,309)**	**(23,309)**	**54,411**	**31,102**
Other comprehensive expense											
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**(15,007)**	**–**	**–**	**–**	**(15,007)**	**(18,141)**	**(33,148)**
Share of other comprehensive expense of associates	**–**	**–**	**–**	**–**	**(3,153)**	**–**	**–**	**–**	**(3,153)**	**–**	**(3,153)**
Other comprehensive expense for the year	**–**	**–**	**–**	**–**	**(18,160)**	**–**	**–**	**–**	**(18,160)**	**(18,141)**	**(36,301)**
Total comprehensive (expense)/income for the year	**–**	**–**	**–**	**–**	**(18,160)**	**–**	**–**	**(23,309)**	**(41,469)**	**36,270**	**(5,199)**
Issue of shares *(Note 33)*	**631**	**194,573**	**–**	**–**	**–**	**–**	**–**	**–**	**195,204**	**–**	**195,204**
Increase in non-controlling interest as a result of acquisition of a subsidiary *(Note 34)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**988,024**	**988,024**
Appropriation to statutory reserve	**–**	**–**	**–**	**–**	**–**	**–**	**3,150**	**(3,150)**	**–**	**–**	**–**
At 31 December 2019	**6,631**	**325,379**	**32,000**	**(274)**	**(13,638)**	**4,571**	**16,283**	**384,433**	**755,385**	**1,036,624**	**1,792,009**

Notes:

(a) The special reserve of the Group represents the nominal values of 32,000,000 non-voting class A shares of HK$1 each issued by a subsidiary of the Company to its shareholders prior to a group reorganisation in 2002.

(b) The balance as at 31 December 2018 and 2019 included: (i) deemed distribution to a shareholder of approximately HK$12,515,000 involving a distribution of assets other than cash to an owner by making reference to the fair value of the assets being distributed; (ii) deemed contribution from a shareholder of approximately HK$842,000 about the disposal of a subsidiary which having net liabilities; and (iii) deemed shareholders' contribution upon the waiver of loan from the former ultimate holding company of approximately HK$11,399,000.

(c) Other reserve was resulted from the partial disposal of a subsidiary in previous years.

(d) The non-distributable reserve of the Group mainly represents statutory reserve requirement that the foreign investment enterprises appropriated 10% of the profit after taxation of the subsidiaries of the Company registered in the People's Republic of China (the "PRC") to the non-distributable reserve under the PRC laws and regulations until the transferred amount equals to 50% of the registered capital of these PRC subsidiaries. It can be used to make up for previous years' losses or converted into additional capital of these PRC subsidiaries.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Operating activities			
Profit before taxation		**39,502**	9,460
Adjustments for:			
Impairment loss under expected credit loss model	9	**3,672**	1,541
Release of prepaid lease payments	12	**–**	813
Depreciation of property, plant and equipment	12	**14,960**	14,436
Depreciation of right-of-use assets	12	**7,239**	–
Amortisation of intangible assets	12	**19,319**	–
Net loss on disposal of property, plant and equipment	8	**875**	496
Net loss on disposal of intangible assets	8	**643**	–
Interest income	7	**(7,066)**	(1,482)
Finance costs	10	**16,702**	5
Share of results of associates	20	**(3,733)**	(8,397)
Change in fair value of contingent consideration payable	8	**10,026**	–
Change in fair value of derivative financial instruments	8	**–**	433
Operating cash flows before movements in working capital		**102,139**	17,305
(Increase)/decrease in inventories		**(1,220)**	2,710
Decrease/(increase) in trade and other receivables		**42,944**	(17,593)
Decrease in restricted bank deposits		**203**	–
Increase in trade and other payables		**86,418**	1,890
Cash generated from operations		**230,484**	4,312
Income tax paid, net		**(1,681)**	(361)
Net cash from operating activities		**228,803**	3,951
Investing activities			
Payments for right-of-use assets		**(16,724)**	–
Payments for purchases of property, plant and equipment		**(10,703)**	(10,849)
Payments for purchase of intangible assets		**(429)**	–
Net cash inflow on acquisition of a subsidiary	34	**19,854**	–
Cash consideration for acquisition of interests in associates		**(76,365)**	–
Dividends received from an associate		**–**	9,000
Interest received		**7,066**	1,482
Proceeds from disposal of property, plant and equipment		**643**	529
Net cash (used in)/from investing activities		**(76,658)**	162
Financing activities			
Interest paid		**(3,060)**	(5)
Dividend paid		**–**	(27,000)
Repayments of lease liabilities		**(6,599)**	–
Repayments of promissory notes payable		**(530,600)**	–
New other borrowing raised		**500,000**	–
Proceeds from issue of shares		**129,150**	–
Net cash from/(used in) financing activities		**88,891**	(27,005)
Net increase/(decrease) in cash and cash equivalents		**241,036**	(22,892)
Cash and cash equivalents at the beginning of the year		**180,246**	205,614
Effect of foreign exchange rate changes		**(1,224)**	(2,476)
Cash and cash equivalents at end of the year		**420,058**	180,246

The accompanying notes are an integral part of the consolidated financial statements.

1 GENERAL

Pan Asia Data Holdings Inc. (formerly known as Manfield Chemical Holdings Limited) (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revision) Chapter 22 of the Cayman Islands. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands and Room 1707–8, 17/F, New World Tower 1, 16–18 Queen's Road Central, Hong Kong, respectively.

The Company's immediate and ultimate holding company is Timenew Limited, a limited liability company incorporated in the British Virgin Islands (the "BVI") and the beneficial owners of which are Mr. Li Xiao Ru and Dr. Li Zhong Yuan who are legally interested in 51% and 49% and beneficially interested in 80.9524% and 19.0476% of the entire issued share capital of Timenew Limited respectively.

The Company changed its name from Manfield Chemical Holdings Limited (萬輝化工控股有限公司) to Pan Asia Data Holdings Inc. (聯洋智能控股有限公司) with effect from 19 November 2019.

The Company is an investment holding company. Particulars of the Company's principal subsidiaries are set out in Note 45. Hereinafter, the Company and its subsidiaries are collectively referred to as the "Group".

The consolidated financial statements are presented in Hong Kong dollars ("HK$") which is the functional currency of the Company, unless otherwise stated.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.2 HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.2 HKFRS 16 Leases *(Continued)*

Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in the People's Republic of China (the "PRC") was determined on a portfolio basis; and

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities range from 4.35% to 7.00%.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.2 HKFRS 16 Leases *(Continued)*

As a lessee *(Continued)*

	At 1 January 2019 HK$'000
Operating lease commitments disclosed as at 31 December 2018	10,454
Lease liabilities discounted at relevant incremental borrowing rates	8,535
Add: Extension option reasonably certain to be exercised	601
Lease liabilities as at 1 January 2019	9,136
Analysed for reporting purposes:	
Current portion	3,168
Non-current portion	5,968
	9,136

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	At 1 January 2019 HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	9,136
Reclassified from prepaid lease payments *(Note)*	26,742
Lease prepayment at 1 January 2019	240
	36,118
By class:	
Leasehold land	26,742
Leased properties	9,376
	36,118

Note: Upfront payments for leasehold lands in the PRC for own used properties were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to approximately HK$782,000 and approximately HK$25,960,000 respectively were reclassified to right-of-use assets.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.2 HKFRS 16 Leases *(Continued)*

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective on 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. There is no material impact on the consolidated financial statement of the Group as at 1 January 2019.

(c) Effective on 1 January 2019, the Group has applied HKFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 HK$'000	Adjustments HK$'000	Carrying amounts reported under HKFRS 16 at 1 January 2019 HK$'000
Non-current assets			
Prepaid lease payments	25,960	(25,960)	–
Right-of-use assets	–	36,118	36,118
Current assets			
Prepaid lease payments	782	(782)	–
Trade and other receivables	133,881	(240)	133,641
Current liabilities			
Lease liabilities	–	(3,168)	(3,168)
Non-current liabilities			
Lease liabilities	–	(5,968)	(5,968)

Note: For the purpose of reporting cash flows from operating, investing and financing activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.3 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
3 Effective for annual period beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020. The board of directors ("Board" or "Directors") anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.1 Basis of preparation *(Continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 Leases (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Basis of consolidation *(Continued)*

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date;

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.3 Business combinations *(Continued)*

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 3.3 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. Recoverable amount is higher of fair value less cost of disposal and value in use. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described in note 3.5 below.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.5 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The results and assets and liabilities of associate are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal or partial disposal of the relevant associates.

Where a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised only to the extent of interests in the associate that are not related to the Group.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.6 Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Further details of the Group's revenue recognition policies are disclosed in note 5.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.7 Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2.2)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2.2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of staff quarters that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.7 Leases *(Continued)*

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2.2) *(Continued)*

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

The Group as a lessee (prior to 1 January 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.7 Leases *(Continued)*

The Group as a lessor (upon application of HKFRS 16 in accordance with transitions in note 2.2)

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

The Group as a lessor (prior to 1 January 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

3.8 Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production of goods, or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress represents property, plant and equipment in the course of construction for production and administrative purposes. Construction in progress is carried at cost less any identified impairment loss. Construction in progress is classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.8 Property, plant and equipment *(Continued)*

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" (upon application of HKFRS 16) or "prepaid lease payments" (before application of HKFRS 16) in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.9 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.10 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

When these criteria are no longer met, the Group will cease to classify non-current assets and disposal group as held for sale and measure the relevant items at the lower of: (i) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale; and (ii) its recoverable amount at the date of cessation of such classification. Any resulting adjustment is reflected in profit or loss.

3.11 Impairment on tangible assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, corporates assets are allocated to individual cash generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, the recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.11 Impairment on tangible assets and intangible assets other than goodwill *(Continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.13 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.13 Financial instruments *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.13 Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets including deposits, trade receivables, other receivables, bills receivables and bank balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.13 Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.13 Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.13 Financial instruments *(Continued)*

Financial assets *(Continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including borrowings, lease liabilities and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.14 Retirement benefits costs and short-term employee benefits

Payments to the defined contribution retirement benefit plans, including Occupational Retirement Scheme (the "ORSO Scheme"), the Mandatory Provident Fund Scheme ("MPF Scheme") and the state-managed retirement benefit schemes, are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

3.15 Taxation

Taxation represents the sum of the income tax expense currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.15 Taxation *(Continued)*

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly to equity, in which case, the current tax and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3.16 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.18 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made on the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.22 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3.23 Comparatives

Certain comparative figures have been reclassified in order to conform to the current year's presentation.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Intangible assets — Trademarks and license assessed to have indefinite useful lives

The Group regarded and assessed its trademarks and license to have indefinite useful lives as at date of acquisition of a subsidiary and at end of reporting period. Accounting policy of intangible assets with indefinite useful lives is set out in note 3.9. Details of the trademarks and license and the reasons for the Group's assessment are set out in note 19.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss/further impairment loss may arise. As at 31 December 2019, the carrying amount of goodwill is approximately HK$338,250,000 (2018: Nil). Details of the recoverable amount calculation are disclosed in note 19.

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on internal credit scoring system as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in note 41.

5 REVENUE

	2019 HK$'000	2018 HK$'000
Sale of goods		
— Liquid coatings	**404,120**	403,206
— Powder coatings	**30,905**	23,140
	435,025	426,346
Provision of third-party payment services		
— Commission income	**174,814**	–
— Fintech enabling service income	**117,579**	–
— Others	**3,281**	–
	295,674	–
	730,699	426,346

The Group's revenue recognition policies are disclosed as follows:

Sales of goods

The revenue of the Group from sale of goods is recognised at a point in time. Revenue from sales of coatings is generally recognised when customer acceptance has been obtained, which is the point of time when the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the goods, which also represented the point of time when goods delivered.

Provision of third-party payment services

The revenue of the Group from provision of third-party payment services is recognised at a point in time. For revenue from commission income for third-party payment services, the Group charges the payee a commission that is generally calculated as a percentage of the total transaction amount processed and the Group has right to decide the charging fee rate. Commission income are recognised as revenue on a gross basis as the Group is the principal in delivery of the managed payment solutions to the payees. The Group has concluded it is the principal because it controls the services before delivery to the payees, it is primarily responsible for the delivery of the services and has discretion in setting prices charged to payees. The Group also has the unilateral ability to accept or reject a transaction based on criteria established by the Group. The Group is also liable for the costs of processing the transactions for the payees, and records such costs within cost of sales.

Revenue from fintech enabling service income is generally recognised when customer acceptance has been obtained, which is at the point of time when the customer has the ability to direct the use of products or service and obtained substantially all of the remaining benefits of the goods or service, which also represented the point of time when good or service delivered.

6 OPERATING SEGMENTS

During the year ended 31 December 2018, the Group is principally engaged in manufacturing and trading of liquid coatings and powder coatings. The management of the Group, being the Group's chief operating decision maker ("CODM"), makes the decision on allocation of resources and assessment of performance based on geographical segments determined on the basis of location of customers.

During the year ended 31 December 2019, the Group commenced the business engaging in third-party payment services along with the acquisition of Mao Hong Information Technology Holding Limited ("Mao Hong") (as detailed in note 34). It is considered as a new operating and reportable segment by the CODM and resulted in changes to the composition of its reportable segments as follows:

Coatings	— Manufacturing and trading of coatings
Third-party payment services	— Provision of third-party payment services

Prior year segment disclosures have been represented to conform with the current year's presentation.

Segment revenues and results

Group's revenue and results by operating and reportable segments are presented below:

Year ended 31 December 2019

	Coatings HK$'000	Third-party payment services HK$'000	Total HK$'000
REVENUE			
External revenue	435,025	295,674	730,699
RESULTS			
Segment profits	40,864	95,544	136,408
Interest income			7,066
Unallocated corporate income			7,229
Unallocated corporate expenses			(86,683)
Unallocated corporate other gains and losses			(11,549)
Finance costs			(16,702)
Share of results of associates			3,733
Profit before taxation			39,502
Income tax expense			(8,400)
Profit for the year			31,102

6 OPERATING SEGMENTS *(Continued)*

Segment revenues and results *(Continued)*

Group's revenue and results by operating and reportable segments are presented below: *(Continued)*

Year ended 31 December 2018

	Coatings HK$'000 (Re-presented)	Third-party payment services HK$'000 (Re-presented)	Total HK$'000 (Re-presented)
REVENUE			
External revenue	426,346	–	426,346
RESULTS			
Segment profits	36,642	–	36,642
Interest income			1,482
Unallocated corporate income			9,226
Unallocated corporate expenses			(45,353)
Unallocated corporate other gains and losses			(929)
Finance costs			(5)
Share of results of associates			8,397
Profit before taxation			9,460
Income tax expense			(2,092)
Profit for the year			7,368

Segment profits represent the results of each segment without allocation of corporate items, including interest income, management fee income and rental income from subsidiaries of an associate, net loss on disposal of property, plant and equipment and intangible assets, central administration cost, depreciation of property, plant and equipment, depreciation of right-of-use assets (2018: release of prepaid lease payments), amortisation of intangible assets, change in fair value of derivative financial instruments and contingent consideration payable, finance costs and share of results of associates. This is the measure reported to the management of the Group for the purpose of resources allocation and performance assessments.

6 OPERATING SEGMENTS *(Continued)*

Segment assets and liabilities and other information

Group's assets and liabilities and other information by operating and reportable segments are presented below:

As at 31 December 2019

	Coatings HK$'000	Third-party payment services HK$'000	Total HK$'000
ASSETS			
Segment assets	507,513	2,926,112	3,433,625
Interests in associates	183,167	142,419	325,586
Unallocated assets			13,622
			3,772,833
LIABILITIES			
Segment liabilities	577,650	764,155	1,341,805
Unallocated liabilities			639,019
			1,980,824
OTHER INFORMATION			
Additions to non-current assets *(Note)*			
— Allocated	26,931	1,904,809	1,931,740
— Unallocated			4,772
			1,936,512
Depreciation and amortisation			
— Allocated	17,176	23,739	40,915
— Unallocated			603
			41,518
Impairment losses on trade and other receivables recognised in profit or loss	1,146	2,526	3,672

6 OPERATING SEGMENTS *(Continued)*

Segment assets and liabilities and other information *(Continued)*

Group's assets and liabilities and other information by operating and reportable segments are presented below: *(Continued)*

As at 31 December 2018

	Coatings HK$'000 (Re-presented)	Third-party payment services HK$'000 (Re-presented)	Total HK$'000 (Re-presented)
ASSETS			
Segment assets	406,037	–	406,037
Interests in associates	182,587	–	182,587
Unallocated assets			81,610
			670,234
LIABILITIES			
Segment liabilities	51,651	–	51,651
Unallocated liabilities			4,603
			56,254
OTHER INFORMATION			
Additions to non-current assets *(Note)*	10,849	–	10,849
Depreciation and amortisation	14,436	–	14,436
Impairment losses on trade and other receivables recognised in profit or loss	1,541	–	1,541

Segment assets include all tangible and intangible non-current assets and current assets with the exception of financial assets at fair value through profit or loss, deferred tax assets and other corporate assets. Segment liabilities include trade and bills payables, accruals and borrowings attributable to sales activities of each segment with the exception of corporate expense payables.

Note: Non-current assets excluded interests in associates, financial assets at fair value through profit or loss, deferred tax assets and deposits paid in respect of right-of-use assets/prepaid lease payments.

6 OPERATING SEGMENTS *(Continued)*

Revenue from major customers

During the year, the revenue from the major customer which contributed over 10% of total revenue of the Group is as follows:

	2019 HK$'000	2018 HK$'000
Customer A *(Note)*	**140,573**	117,189

Note: Revenue from sales of coatings

Geographical information

No separate analysis of segment information by geographical information is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is the PRC.

7 OTHER INCOME

	2019 HK$'000	2018 HK$'000
Royalty fee income	**9,783**	6,230
Management fee income	**7,195**	7,517
Rental income	**2,298**	2,424
Transportation fee income	**2,093**	1,582
Interest income	**7,066**	1,482
	28,435	19,235

8 OTHER GAINS AND LOSSES

	2019 HK$'000	2018 HK$'000
Net loss on disposal of property, plant and equipment	**(875)**	(496)
Net loss on disposal of intangible assets	**(643)**	–
Net exchange gain/(loss)	**494**	(1,069)
Change in fair value of contingent consideration payable	**(10,026)**	–
Change in fair value of derivative financial instruments	**–**	(433)
Government grants *(Note)*	**2,682**	1,518
Others	**1,115**	404
	(7,253)	(76)

Note: Mainly subsidies received from government authority for the support of the development of the Group's subsidiaries as new and high technology enterprise and contribution to local economic development. There is no specified condition attached to these subsidies.

9 IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

	2019 HK$'000	2018 HK$'000
Impairment losses recognised/(reversed) on:		
— Trade receivables	**4,311**	1,541
— Other receivables and deposits	**(639)**	–
	3,672	1,541

Details of impairment assessment are set out in note 41.

10 FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on bank borrowing, overdrafts and other borrowing	**6,604**	5
Interest on lease liabilities	**919**	–
Imputed interest on promissory notes payable *(Note 29)*	**9,179**	–
	16,702	5

11 DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

	Executive directors					Non-executive directors			Independent non-executive directors						
	Dr. Li Zhong Yuan HK$'000 *(Note ii)*	Ms. Liu Rong Rong HK$'000 *(Note iii)*	Mr. Yuen Shu Wah HK$'000 *(Note iv)*	Mr. Ko Jack Lum HK$'000 *(Note iv)*	Mr. Ng Kai On HK$'000 *(Note iv)*	Ms. Zuo Yi HK$'000 *(Note v)*	Mr. Kong Muk Yin HK$'000 *(Note vi)*	Dato' Wong Peng Chong HK$'000 *(Note vii)*	Mr. Li Gong HK$'000 *(Note viii)*	Mr. Wang Jianping HK$'000 *(Note viii)*	Dr. Shi Ping HK$'000 *(Note viii)*	Dr. Chui Hong Sheung HK$'000 *(Note ix)*	Mr. Cheung Chi Wai Vidy HK$'000 *(Note ix)*	Mr. Yue Kwai Wa Ken HK$'000 *(Note ix)*	Total HK$'000
Year ended 31 December 2019															
Fee	-	-	-	-	-	180	120	-	180	180	180	-	-	-	840
Other emoluments															
Salaries and other benefits *(Note i)*	12,840	633	-	-	-	-	-	-	-	-	-	-	-	-	13,473
Amounts as inducement for directors to join the Group	638	346	-	-	-	10	-	-	10	10	10	-	-	-	1,024
Retirement benefit scheme contributions	14	6	-	-	-	-	-	-	-	-	-	-	-	-	20
	13,492	985	-	-	-	190	120	-	190	190	190	-	-	-	15,357
Year ended 31 December 2018															
Fee	–	–	120	120	120	–	120	120	–	–	–	120	120	120	960
Other emoluments															
Salaries and other benefits *(Note i)*	–	–	286	2,266	1,241	–	–	–	–	–	–	–	–	–	3,793
Retirement benefit scheme contributions	–	–	149	149	77	–	–	–	–	–	–	–	–	–	375
	–	–	555	2,535	1,438	–	120	120	–	–	–	120	120	120	5,128

Notes:

(i) Discretionary bonus was determined by the management of the Group by reference to the performance of directors and the Group's operating results.

(ii) Dr. Li Zhong Yuan was appointed as the executive director of the Company on 10 December 2018.

(iii) Ms. Liu Rong Rong was appointed as the executive director of the Company on 6 September 2019.

(iv) Mr. Yuen Shu Wah, Mr. Ko Jack Lum and Mr. Ng Kai On resigned as the executive directors of the Company on 31 December 2018.

(v) Ms. Zuo Yi was appointed as the non-executive director of the Company on 10 December 2018.

(vi) Mr. Kong Muk Yin resigned as non-executive director of the Company on 10 January 2020.

(vii) Dato' Wong Peng Chong resigned as the non-executive director of the Company on 31 December 2018.

(viii) Mr. Li Gong, Mr. Wang Jianping and Dr. Shi Ping were appointed as the independent non-executive directors of the Company on 10 December 2018.

(ix) Dr. Chui Hong Sheung, Mr. Cheung Chi Wai Vidy and Mr. Yue Kwai Wa Ken resigned as the independent non-executive directors of the Company on 31 December 2018.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were mainly for their services as directors of the Company and its subsidiaries.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

During both years, no remuneration was paid by the Group to the directors as compensation for loss of office. None of the directors has waived any remuneration during both years.

11 DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments

The five highest paid individuals included two directors (2018: three directors) and whose emoluments are included in the disclosures in (a) above. The emoluments of the remaining three (2018: two) highest paid employee who are not the directors of the Company, are as follows:

	2019 **HK$'000**	2018 HK$'000
Salaries and other benefits	**4,061**	1,793
Retirement benefit scheme contributions	**236**	68
	4,297	1,861

The emoluments of the individuals with the highest emoluments who are not the directors of the Company are within the following bands:

	2019 **Number of individuals**	2018 Number of individuals
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**1**	–

During both years, no emoluments were paid by the Group to the above individuals who are not the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

12 PROFIT BEFORE TAXATION

	2019 HK$'000	2018 HK$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	**2,580**	1,380
Directors' emoluments *(Note 11)*		
— Fee	**840**	960
— Other emoluments	**14,497**	3,793
— Retirement benefit scheme contributions	**20**	375
	15,357	5,128
Other staff costs:		
— Salaries and other allowances	**104,786**	97,110
— Retirement benefit scheme contributions	**10,557**	7,911
Total staff costs	**130,700**	110,149
Depreciation of property, plant and equipment *(Note 16)*	**14,960**	14,436
Depreciation of right-of-use assets *(Note 17)*	**7,239**	–
Amortisation of intangible assets *(Note 19)*	**19,319**	–
Total depreciation and amortisation	**41,518**	14,436
Cost of inventories recognised as an expense (included in cost of sales)	**244,620**	225,916
Release of prepaid lease payments	**–**	813
Donation	**1,980**	1,980
Minimum operating lease rentals in respect of rented premises	**–**	2,430

13 INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Current tax:		
Hong Kong Profits Tax:		
Current year	**737**	742
Over-provision in prior years	**–**	(250)
	737	492
PRC Enterprise Income Tax:		
Current year	**14,107**	1,642
Over-provision in prior years	**(1,575)**	(42)
	12,532	1,600
Deferred tax *(Note 22)*	**(4,869)**	–
Taxation charge	**8,400**	2,092

The Company and its subsidiaries incorporated in the Cayman Islands and the BVI are exempted from profit tax under the tax laws of the Cayman Islands and the BVI.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both years. Taiwan income tax is calculated at 17% on the assessable taxable profits of the Group's Taiwan branch for both years. No provision for Taiwan income tax has been made as the Group has no assessable profit arising in Taiwan.

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC in Enterprise Income tax (the "EIT Law") and Implementation Regulations of the EIT Law, the applicable tax rate for the Company's subsidiaries registered in the PRC is 25% for both years, except 萬輝(廣州)高新材料有限公司 (Manfield (Guangzhou) Innovative Materials Limited*) ("Manfield GZ"). Manfield GZ obtained the qualification as high and new technology enterprise at 10 October 2015, which is valid for three years, and the relevant application to competent tax authority is also filed. The qualification as high and new technology enterprise has been renewed for an additional three years on 28 November 2018. Hence, Manfield GZ is subject to the preferential tax treatment and the applicable tax rate for the year ended 31 December 2019 is 15% (2018: 15%).

* English translated name is for identification purpose only

13 INCOME TAX EXPENSE *(Continued)*

The taxation charge for the year can be reconciled to the profit before taxation as follows:

	2019 HK$'000	2018 HK$'000
Profit before taxation	**39,502**	9,460
Less: Share of results of associates	**(3,733)**	(8,397)
	35,769	1,063
Taxation at Hong Kong Profits Tax rate of 16.5%	**5,902**	175
Tax effect of expenses not deductible for tax purpose	**7,443**	1,994
Tax effect of income not taxable for tax purpose	**(810)**	–
Tax effect of tax losses not recognised	**5,720**	1,411
Utilisation of tax losses previously not recognised	**(9,526)**	(384)
Effect of different tax rates of subsidiaries operating in the PRC	**3,384**	(480)
Effect of two-tiered tax rates in Hong Kong	**(165)**	(165)
Effect of income tax on concessionary rate in the PRC	**(78)**	(250)
Over-provision in prior years	**(1,575)**	(292)
Additional deduction for research and development expense	**(2,162)**	–
Others	**267**	83
Taxation charge for the year	**8,400**	2,092

14 DIVIDEND

	2019 HK$'000	2018 HK$'000
Dividends paid		
2019 Interim — Nil (2018: 2018 Interim — HK$0.02 per share)	**–**	12,000
2018 Final — Nil (2018: 2017 Final — HK$0.025 per share)	**–**	15,000
	–	27,000

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

15 (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share attributable to the owners of the Company is based on the following data:

	2019 HK$'000	2018 HK$'000
(Loss)/profit for the year attributable to owners of the Company	**(23,309)**	8,563

	2019 '000	2018 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**621,043**	600,000

No diluted (loss)/earnings per share have been presented as the Company does not have any potential ordinary shares outstanding for both years.

16 PROPERTY, PLANT AND EQUIPMENT

	Owned properties HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Plant, machinery and equipment HK$'000	Construction in progress HK$'000	Total HK$'000
Cost							
At 1 January 2018	108,500	34,963	34,600	9,782	34,617	6,534	228,996
Additions	–	3,738	1,847	642	2,640	1,982	10,849
Disposals	(76)	–	(2,431)	(994)	(3,829)	–	(7,330)
Reclassified from held for sale *(Note 32)*	8,941	2,829	2,207	834	7,786	42	22,639
Transfer	6,450	476	–	–	445	(7,371)	–
Exchange adjustments	(5,258)	(1,799)	(1,491)	(400)	(1,756)	(98)	(10,802)
At 31 December 2018 and 1 January 2019	**118,557**	**40,207**	**34,732**	**9,864**	**39,903**	**1,089**	**244,352**
Additions	**–**	**2,726**	**2,640**	**1,237**	**2,851**	**1,249**	**10,703**
Acquisition of a subsidiary *(Note 34)*	**–**	**1,108**	**5,033**	**3,236**	**–**	**–**	**9,377**
Disposals	**(19)**	**–**	**(3,537)**	**(958)**	**(8,798)**	**–**	**(13,312)**
Transfer	**–**	**–**	**–**	**–**	**109**	**(109)**	**–**
Exchange adjustments	**(2,141)**	**(410)**	**(1,140)**	**(331)**	**(1,133)**	**(13)**	**(5,168)**
At 31 December 2019	**116,397**	**43,631**	**37,728**	**13,048**	**32,932**	**2,216**	**245,952**
Depreciation							
At 1 January 2018	44,689	25,989	30,924	6,930	25,360	–	133,892
Provided for the year *(Note 12)*	4,267	3,614	2,463	1,053	3,039	–	14,436
Eliminated on disposals	(51)	–	(2,148)	(917)	(3,189)	–	(6,305)
Reclassified from held for sale *(Note 32)*	2,732	1,790	1,484	601	3,944	–	10,551
Exchange adjustments	(2,201)	(1,316)	(1,292)	(286)	(1,156)	–	(6,251)
At 31 December 2018 and 1 January 2019	**49,436**	**30,077**	**31,431**	**7,381**	**27,998**	**–**	**146,323**
Provided for the year *(Note 12)*	**4,159**	**3,485**	**2,280**	**1,558**	**3,478**	**–**	**14,960**
Eliminated on disposals	**(11)**	**–**	**(3,210)**	**(903)**	**(7,670)**	**–**	**(11,794)**
Exchange adjustments	**(1,017)**	**(146)**	**(861)**	**(209)**	**(672)**	**–**	**(2,905)**
At 31 December 2019	**52,567**	**33,416**	**29,640**	**7,827**	**23,134**	**–**	**146,584**
Carrying amount							
At 31 December 2018	69,121	10,130	3,301	2,483	11,905	1,089	98,029
At 31 December 2019	**63,830**	**10,215**	**8,088**	**5,221**	**9,798**	**2,216**	**99,368**

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis after taking into account their estimated residual values, at the following rates per annum:

Owned properties	Over the shorter of the term of the lease and 50 years
Leasehold improvements	4.5%–30%
Furniture, fixtures and office equipment	18%–20%
Motor vehicles	18%–25%
Plant, machinery and equipment	4%–18%

As at 31 December 2019, the Group is in the process of obtaining title deeds from relevant government authorities for its owned properties in the PRC amounting to approximately HK$10,850,000 (2018: HK$47,757,000). In the opinion of the management of the Group, the Group is not required to incur additional costs in obtaining the title deeds for its owned properties in the PRC.

As at 31 December 2018, the Group's owned properties situated in Hong Kong amounting to approximately HK$1,508,000, were pledged to a bank for general banking facilities granted to the Group.

17 RIGHT-OF-USE ASSETS

	Leasehold land HK$'000	Leased properties HK$'000	Total HK$'000
Carrying amount			
At 31 December 2018	–	–	–
Impact on initial application of HKFRS16 *(Note 2.2)*	26,742	9,376	36,118
At 1 January 2019	26,742	9,376	36,118
Additions	16,724	5,320	22,044
Acquisition of a subsidiary *(Note 34)*	–	20,370	20,370
Provided for the year *(Note 12)*	(780)	(6,459)	(7,239)
Exchange adjustments	(787)	(455)	(1,242)
At 31 December 2019	41,899	28,152	70,051

The Group leases various offices, warehouses and staff quarters for its operations for both years. Lease contracts are entered into for fixed term of 1 year to 5 years, but may have extension as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several leasehold lands in the PRC and Vietnam under medium-term lease. Lump sum payments were made upfront to acquire these leasehold lands.

As at 31 December 2019, right-of-use assets with carrying amount of approximately HK$5,527,000 (2018: Nil) are still in the process of applying the title certificates.

During the year ended 31 December 2019, the expense relating to short term lease and other leases with lease terms and within 12 months of the date of initial application of HKFRS 16 amounted to approximately HK$28,000 (2018: Nil).

The Group has extension options in a number of leases for offices. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the respective lessors.

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The potential exposures to these future lease payments for extension options in which the Group is not reasonably certain to exercise is summarised below:

	Lease liabilities recognised as at 31 December 2019 HK$'000	Potential future lease payments not included in lease liabilities (undiscounted) HK$'000
Offices	4,233	7,560

The Group reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2019, there is no such triggering event.

18 PREPAID LEASE PAYMENTS

The Group's prepaid lease payments represent leasehold interest in lands in the PRC held under medium-term lease, and are analysed for reporting purposes as follows:

	2019	2018
	HK$'000	HK$'000
Non-current asset	**–**	25,960
Current asset	**–**	782
	–	26,742

19 INTANGIBLE ASSETS

	Goodwill HK$'000	**Computer software** HK$'000	**Trademarks** HK$'000	**Technology** HK$'000	**Licenses** HK$'000	**Distribution network** HK$'000	**Total** HK$'000
Cost							
At 1 January 2018, 31 December 2018 and 1 January 2019	–	–	–	–	–	–	–
Additions	–	429	–	–	–	–	429
Acquisition of a subsidiary	338,250	14,997	194,773	102,273	1,002,841	220,455	1,873,589
Disposals	–	(1,260)	–	–	–	–	(1,260)
Exchange adjustments	–	(539)	(3,435)	(1,804)	(17,688)	(3,888)	(27,354)
At 31 December 2019	338,250	13,627	191,338	100,469	985,153	216,567	1,845,404
Amortisation							
At 1 January 2018, 31 December 2018 and 1 January 2019	–	–	–	–	–	–	–
Provided for the year *(Note 12)*	–	1,581	–	8,537	–	9,201	19,319
Eliminated on disposals	–	(617)	–	–	–	–	(617)
Exchange adjustments	–	(227)	–	(165)	–	(176)	(568)
At 31 December 2019	–	737	–	8,372	–	9,025	18,134
Carrying amount							
At 31 December 2018	–	–	–	–	–	–	–
At 31 December 2019	338,250	12,890	191,338	92,097	985,153	207,542	1,827,270

The above intangible assets other than goodwill, licenses and trademarks have finite useful lives. Such intangible assets are amortised on a straight-line basis after taking into account their estimated residual values at the following rates per annum:

Technology	20%
Distribution network	10%
Computer software	9%–19%

The licenses and trademarks have a legal life of 5 years and 10 years but is renewable every 5 years and 10 years, respectively, at minimal cost. The Directors are of the opinion that the Group would renew the licenses and trademarks continuously and has the ability to do so. Various studies including product life cycle studies, market, competitive and environmental trend, and brand extension opportunities have been performed by management of the Group, which supports that the licenses and trademarks has no foreseeable limit to the period over which the licenses and trademarked products are expected to generate net cash flows for the Group.

19 INTANGIBLE ASSETS *(Continued)*

As a result, licenses and trademarks are considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The licenses and trademarks will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

For the purposes of impairment testing, goodwill, licenses and trademarks with indefinite useful lives have been allocated to one individual cash generating units ("CGUs"), comprising one subsidiary in the third-party payment services segment. The carrying amounts of goodwill, licenses and trademarks (net of accumulated impairment losses) as at 31 December 2019 allocated to the unit are as follows:

	2019 HK$'000	2018 HK$'000
Goodwill	**338,250**	–
Licenses	**985,153**	–
Trademarks	**191,338**	–
	1,514,741	–

The recoverable amounts of the groups of CGUs of the unit has been determined based on a value in use calculation. The value in use calculation was determined with reference to the valuation report prepared by an independent external professional qualified valuer. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 15%. Cash flows beyond the 5-year period are extrapolated using 3% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development.

During the year ended 31 December 2019, management of the Group determines that there is no impairment on unit. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of unit to exceed the recoverable amount of unit.

20 INTERESTS IN ASSOCIATES

	2019 HK$'000	2018 HK$'000
Cost of investments in associates, unlisted	**142,932**	513
Accumulated share of post-acquisition profits and other comprehensive income, net of dividends received	**182,654**	182,074
	325,586	182,587
Share of results of associates during the year	**3,733**	8,397

As at 31 December 2019, the cost of investments in associates included goodwill of associates of approximately HK$126,156,000 (2018: Nil).

20 INTERESTS IN ASSOCIATES *(Continued)*

Set out below are the associates of the Group as at 31 December 2019, which in the opinion of the Directors are material to the Group and principally affected the results or assets of the Group:

Name of associate	Form of business structure	Place of incorporation/ operation	Issued and fully paid share capital/ registered capital	Attributable equity interest to the Group as at 2019	2018	Principal activities
CMW Holding Limited ("CMW Holding")	Limited liability company	Hong Kong	HK$500,000	**45%**	45%	Manufacturing and trading of coatings
Lian Yang Guo Rong Holdings Limited ("Lian Yang Guo Rong") *(Note)*	Limited liability company	Cayman Islands	US$30,750	**30.89%**	–	Provision of information and data services

Note: On 10 September 2019, the Company entered into a share purchase and subscription agreement (the "Lianyang Share Purchase and Subscription Agreement") with FHJL Investment Limited, An Chen New Technology Holding Ltd and Lian Yang Investment Limited (collectively, the "Lianyang Vendors") and Lian Yang Guo Rong, the terms and conditions of the Lianyang Share Purchase and Subscription Agreement are as follows:

(i) the Lianyang Vendors shall as beneficial owners sell, and the Company shall purchase, 3,750 shares of Lian Yang Guo Rong at consideration which shall be satisfied by the allotment and issue of 17,474,735 new ordinary shares by the Company to the Lianyang Vendors at the issue price of HK$2.85 per share; and

(ii) Lian Yang Guo Rong shall allot and issue, and the Company shall subscribe for 5,750 shares at the consideration of RMB69,000,000 (equivalent to approximately HK$76,365,000), which shall be satisfied by the Company in cash. (collectively referred to as "Lianyang Acquisition")

Upon completion of Lianyang Acquisition on 31 December 2019, the Company's equity interest in Lian Yang Guo Rong was 30.89% and Lian Yang Guo Rong becomes an associate of the Company. On 31 December 2019, the fair value of 17,474,735 new ordinary shares issued by the Company was approximately HK$66,054,000 by reference to the closing price of HK$3.78 per share. Accordingly, the total consideration for Lianyang Acquisition was approximately HK$142,419,000.

The arrangement of the above investments provided the Group with the power to participate in the financial and operating decision but was not in control nor jointly control over those policies. Under HKAS 28 Investments in Associates and Joint Ventures, these entities were classified as associates and had been accounted for in the consolidated financial statements using equity method for the years ended 31 December 2019 and 2018 respectively.

20 INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's consolidated financial statements prepared in accordance with HKFRSs.

(i) CMW Holding

	As at 31 December	
	2019	2018
	HK$'000	HK$'000
Current assets	**391,536**	409,485
Non-current assets	**136,359**	118,243
Current liabilities	**(105,837)**	(109,415)
Non-current liabilities	**(15,638)**	(13,133)
Net assets	**406,420**	405,180

	For the year ended 31 December	
	2019	2018
	HK$'000	HK$'000
Revenue	**619,700**	620,122
Profit for the year	**8,237**	18,670
Other comprehensive expense for the year	**(6,995)**	(16,911)
Total comprehensive income for the year	**1,242**	1,759
The Group's share of results of an associate for the year	**3,707**	8,401
The Group's share of other comprehensive expense for the year	**(3,148)**	(7,610)
Dividends paid to the Group	**–**	9,000

Reconciliation of the above summarised financial information to the carrying amount of the interest in CMW Holding recognised in the consolidated financial statements:

	As at 31 December	
	2019	2018
	HK$'000	HK$'000
Net assets of CMW Holding	**406,420**	405,180
Proportion of the Group's ownership interest in CMW Holding	**45%**	45%
Carrying amount of the Group's interest in CMW Holding	**182,890**	182,331

20 INTERESTS IN ASSOCIATES *(Continued)*

(ii) Lian Yang Guo Rong

	As at 31 December 2019 HK$'000
Current assets	77,859
Non-current assets	2,011
Current liabilities	(27,223)
Net assets	52,647

	For the year ended 31 December 2019 HK$'000
Revenue	–
Loss for the year	(1,135)
Other comprehensive income for the year	79
Total comprehensive expense for the year	(1,056)
The Group's share of results of an associate for the year	–
The Group's share of other comprehensive income for the year	–
Dividends paid to the Group	–

20 INTERESTS IN ASSOCIATES *(Continued)*

(ii) Lian Yang Guo Rong *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in Lian Yang Guo Rong recognised in the consolidated financial statements:

	As at 31 December 2019 HK$'000
Net assets of Lian Yang Guo Rong	**52,647**
Proportion of the Group's ownership interest in Lian Yang Guo Rong	**30.89%**
Group's share of net assets of Lian Yang Guo Rong	**16,263**
Goodwill	**126,156**
Carrying amount of the Group's interest in Lian Yang Guo Rong	**142,419**

(iii) Aggregate information of associates that are not individually material:

	2019 HK$'000	2018 HK$'000
The Group's share of results of associates for the year	**26**	(4)
The Group's share of other comprehensive expenses for the year	**(5)**	(13)
Aggregate carrying amount of the Group's interests in these associates	**277**	256

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 HK$'000	2018 HK$'000
Unlisted equity investment	**511**	–

22 DEFERRED TAXATION

The following are the major deferred income tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	Fair value adjustments on intangible assets HK$'000	ECL provision of trade and other receivables HK$'000	Total HK$'000
At 1 January 2018, 31 December 2018 and 1 January 2019	–	–	–
Acquisition of a subsidiary *(Note 34)*	(380,085)	1,024	(379,061)
Credit to profit or loss *(Note 13)*	4,435	434	4,869
Exchange adjustments	6,618	(18)	6,600
At 31 December 2019	(369,032)	1,440	(367,592)

	2019 HK$'000	2018 HK$'000
For presentation purpose:		
Deferred tax assets	**1,440**	–
Deferred tax liabilities	**(369,032)**	–
	(367,592)	–

As at 31 December 2019, the Group had unused tax losses of approximately HK$21,566,000 (2018: HK$21,104,000) available for offset against future profits. Tax losses of approximately HK$566,000 (2018: HK$1,075,000) have expired during the year ended 31 December 2019. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unused tax losses at the end of the reporting period will expire on 31 December of the following years:

	2019 HK$'000	2018 HK$'000
2019	**–**	1,511
2020	**418**	1,431
2021	**298**	422
2022	**8,973**	9,188
2023	**6,180**	8,552
2024	**5,697**	–
	21,566	21,104

22 DEFERRED TAXATION *(Continued)*

As at 31 December 2019, the Group has other deductible temporary differences of approximately HK$2,613,000 (2018: HK$3,559,000), which are mainly arising from impairment losses of trade receivables. No deferred tax asset has been recognised in relation to such other deductible temporary differences as it is not probable that taxable profit will be available for offset against which the deductible temporary differences can be utilised.

The EIT Law imposes withholding tax upon the distribution of profits earned by the Company's PRC subsidiaries on or after 1 January 2008 to their non-PRC shareholders. As at 31 December 2019, deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the Company's PRC subsidiaries amounting to approximately HK$80,487,000 (2018: HK$38,875,000), respectively as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

23 INVENTORIES

	2019 HK$'000	2018 HK$'000
Raw materials	**34,627**	34,285
Work in progress	**6,528**	5,541
Finished goods	**4,576**	5,451
	45,731	45,277

24 TRADE AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade receivables	**192,490**	124,869
Bills receivables	**14,977**	5,878
Less: Impairment losses on trade receivables *(Note 41)*	**(6,274)**	(3,559)
Total trade and bills receivables	**201,193**	127,188
Other receivables, deposits and prepayments		
— Trade deposits paid to merchants	**31,324**	–
— Receivable from the clearing houses for third-party payment services	**299,382**	–
— Other receivables and prepayments	**23,983**	6,693
Total trade and other receivables	**555,882**	133,881

24 TRADE AND OTHER RECEIVABLES *(Continued)*

Trade and bills receivables are due within 180 days from the date of billing. The following is an aging analysis of trade and bills receivables net of impairment losses presented based on the invoice date at the end of the reporting period.

	2019 HK$'000	2018 HK$'000
0–30 days	**109,220**	44,518
31–60 days	**25,603**	26,351
61–90 days	**24,878**	25,402
Over 90 days	**41,492**	30,917
	201,193	127,188

As at 31 December 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$67,215,000 (2018: HK$62,395,000) which are past due as at the reporting date. Out of the past due balances, approximately HK$8,358,000 (2018: HK$9,169,000) has been past due 90 days or more and is not considered as in default because there was no historical default of payments by the respective customers. The Group does not hold any collateral over these balances.

As at 31 December 2019, included in trade receivables, there were trade receivables due from subsidiaries of an associate and a subsidiary of a non-controlling shareholder of approximately HK$18,714,000 (2018: HK$19,882,000) and approximately HK$2,642,000 (2018: HK$6,025,000) respectively.

As at 31 December 2019, included in other receivables, there were amounts due from a subsidiary of an associate and an associate of approximately HK$2,830,000 (2018: HK$2,852,000) and approximately HK$1,605,000 (2018: HK$507,000) respectively. These amounts are unsecured, interest-free and repayable on demand.

Details of impairment assessment of trade and other receivables and movement in the impairment losses on trade and other receivables for the year ended 31 December 2019 are set out in note 41.

25 RESTRICTED BANK DEPOSITS

Restricted bank deposits comprises:

	2019 HK$'000	2018 HK$'000
Maintained for the purpose of settlements of outstanding payable to merchants when the third-party payment accounts' holders make purchase transactions with respective merchants *(Note)*	**409,167**	–
Maintained for merchants as performance guarantee deposits	**12,090**	–
Maintained as reserve deposits to secure the Group's use of online business to business payment platforms provided by the banks	**1,905**	–
Maintained as reserve deposits to the general risk reserve funds as governed by the PRC government	**1,123**	–
	424,285	–

Note: These restricted deposits are maintained to fulfil the requirements as per announcement of the People's Bank of China (No. 6 2013) "Measures for the Custody of Clients' Reserves of Payment Institutions" (the "Announcement"). As set out in the Announcement, reserves received from the third-party payment accounts' holders by the Group must be deposited in the special-purpose deposit account as reserve at a reserves bank. The reserve can only be used for payments entrusted by third-party payment accounts' holders. Without approval by the third-party payment accounts' holders, the Group cannot appropriate the reserve for similar purposes or for other purposes, lend the reserve, or use them to provide guarantee for others.

26 BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short term bank deposits with an original maturity of three months or less. As at 31 December 2019, the bank balances carry interest at prevailing market rate of 0.01%–0.35% (2018: 0.01%–0.35%) per annum.

27 TRADE AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Trade payables	49,254	28,366
Bills payables	1,692	–
Total trade and bills payables	50,946	28,366
Accrued staff cost	14,498	12,656
Payables to merchants	406,045	–
Unutilised float funds *(Note)*	247,857	–
Other payables and accruals	81,942	13,543
	801,288	54,565

Note: The balances represented amounts prepaid by the third-party payment accounts' holders to the Group and unutilised at the end of the reporting periods. The Group is required to pay to the merchants from these funds when the third-party payment accounts' holders make purchase transactions with respective merchants. The settlement terms with merchants vary and are dependent on the negotiation between the Group and individual merchants and number of purchase transactions.

The credit period on purchases of goods and service provided from suppliers is 30 to 180 days (2018: 30 to 90 days). The following is an aging analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	2019 HK$'000	2018 HK$'000
0–30 days	33,993	22,237
31–60 days	7,158	3,962
61–90 days	1,560	848
Over 90 days	8,235	1,319
	50,946	28,366

As at 31 December 2019, included in trade payables, there were trade payables due to a subsidiary of an associate of approximately HK$335,000 (2018: Nil).

As at 31 December 2019, included in other payables, there were amount due to an associate of approximately HK$45,364,000 (2018: Nil). The amount is unsecured, interest-free and repayable on demand.

28 LEASE LIABILITIES

	2019 HK$'000
Lease liabilities payable:	
Within one year	**9,250**
Within a period of more than one year but not more than two years	**8,975**
Within a period of more than two years but not more than five years	**10,107**
Within a period of more than five years	**1,170**
	29,502
Less: Amount due for settlement with one year shown under current liabilities	**(9,250)**
Amount due for settlement after one year shown under non-current liabilities	**20,252**

29 PROMISSORY NOTES PAYABLE

	HK$'000
At 1 January 2018, 31 December 2018 and 1 January 2019	–
Issuance of promissory note *(Note)*	530,812
Imputed interest *(Note 10)*	9,179
Repayment of promissory note	(530,600)
At 31 December 2019	9,391

Note: On 9 August 2019, the Group issued promissory notes with principal amounts of HK$540,000,000, interest-bearing from 0.25% to 1.25% per annum depends on repayment date and will mature on 8 August 2021 (the "First Promissory Note") as part of the consideration to acquire 51% equity interest in Mao Hong (Note 34).

30 BORROWINGS

	2019 HK$'000	2018 HK$'000
Secured		
— Bank borrowing *(Note (i))*	**50,234**	–
— Other borrowing *(Note (ii))*	**500,000**	–
	550,234	–
Less: Amount due for settlement with 12 months shown under current liabilities	**(50,234)**	–
Amount due for settlement after one year shown under non-current liabilities	**500,000**	–

Notes:

(i) As at 31 December 2019, the Group had variable-rate bank borrowing of RMB45,000,000 (equivalent to approximately HK$50,234,000), which was denominated in RMB and carried interest rate of 136.85% of base lending rate stipulated by People's Bank of China. The bank borrowing was secured by the personal guarantees and legal charges on properties held by non-controlling shareholder of the Company's subsidiary and the equity interest of a non-wholly-owned subsidiary of the Company.

(ii) On 26 November 2019, the Group entered into loan agreement with independent third party (the "Lender") pursuant to which the Lender agreed to lend to the Group a fixed rate other borrowing and carried interest rate of 7% in the principal amount of HK$500,000,000 repayable on 28 November 2021. The other borrowing was secured by the equity interest of a wholly-owned subsidiary of the Company.

The exposure of the bank and other borrowings and the contractual maturity dates are as follows:

	2019 HK$'000	2018 HK$'000
Within one year	**50,234**	–
Within a period of more than one year but not exceeding two years	**500,000**	–
	550,234	–

31 DERIVATIVE FINANCIAL INSTRUMENTS

On 3 December 2013, the Group entered into a share transfer agreement and a shareholder's agreement (the "Shareholder's Agreement") with Teknos Group Oy, an independent third party (the "Purchaser"). Pursuant to these agreements, the Group agreed to dispose of its 20% equity interest in 萬輝泰克諾斯(常州)化工有限公司 (Manfield Teknos (Changzhou) Chemical Company Limited*) ("Manfield Changzhou") to the Purchaser at a cash consideration of approximately RMB10 million (or equivalent to approximately HK$13 million) reducing the Group's equity interest in Manfield Changzhou to 60% upon completion. In addition, the Group has a right ("Put Option") to dispose of its further 40% equity interests in Manfield Changzhou at a consideration pre-described in the Shareholder's Agreement (the "Price") for a period of five years from the date of the Shareholder's Agreement. According to the Shareholder's Agreement, the Purchaser has a right ("Call Option") to acquire further 40% equity interests in Manfield Changzhou from the Group at the price starting from the sixth years from the date of the Shareholder's Agreement (no definite period set out in the Shareholder's Agreement) if the Group does not exercise its right to dispose of its 40% equity interests in Manfield Changzhou during the first five years period.

At the date of further disposal of 40% equity interests in Manfield Changzhou, the Price is determined at the higher of (i) 40% of the net assets value of Manfield Changzhou plus a premium at the date of such further disposal or (ii) 6 times of earnings before interest, taxes, depreciation and amortisation ("EBITDA") for the period of twelve months immediately before the date of such further disposal; or (iii) RMB20,500,000.

During the year ended 31 December 2018, the Group issued a demand to the Purchaser for the exercise of the Put Option, but no positive response has been received from the Purchaser. In this circumstances, the Group submitted an arbitration application (the "Arbitration") to Shanghai International Economic and Trade Arbitration Commission. In the opinion of the Directors, the Group has exercised its right of the Put Option properly during the year ended 31 December 2018 and as the arbitration process is in its preliminary stage and in view of no positive response has been received from the Purchaser, the Group considered that the fair value of the Put Option as at the date of exercise was insignificant.

As at 31 December 2019, the Arbitration is still in process.

The movement of the Put Options is set out below:

	HK$'000
At 1 January 2018	433
Change in fair value	(433)
At 31 December 2018, 1 January 2019 and 31 December 2019	–

* English translated name is for identification purpose only

32 DISPOSAL GROUP HELD FOR SALE

As at 31 December 2017, the Group has the right to dispose 40% equity interest in Manfield Changzhou within twelve months (details as set out in note 31). After this disposal, the Group's shareholding in Manfield Changzhou will be changed from 60% to 20%. The assets and liabilities attributable to Manfield Changzhou were classified as a disposal group held for sale and were presented separately in the consolidated statement of financial position.

As disclosed in note 31, during the year ended 31 December 2018, the Group issued a demand to the Purchaser for the exercise of the Put Option, but no positive response has been received from the Purchaser. The Group submitted the Arbitration to Shanghai International Economic and Trade Arbitration Commission and the Directors do not expect the disposal of Manfield Changzhou will be completed within one year as at 31 December 2018. As a result, the assets and liabilities attributable to Manfield Changzhou were ceased to be classified as held for sale as at 31 December 2018. The effect of the cessation of such classification has been reflected in profit or loss.

As at 31 December 2019, the Arbitration is still in process.

33 SHARE CAPITAL

	Number of shares	**Amount** HK$'000
Ordinary shares of HK$0.01 each		
Authorised share capital:		
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	10,000,000,000	100,000
Issued share capital:		
At 1 January 2018, 31 December 2018 and 1 January 2019	600,000,000	6,000
Issue of shares under subscription agreements *(Note (i))*	45,614,035	456
Issue of shares for acquisition of an associate *(Note (ii))*	17,474,735	175
At 31 December 2019	663,088,770	6,631

Notes:

(i) On 17 July 2019, the Company issued 45,614,035 new ordinary shares of HK$0.01 each at the issue price of HK$2.85 per share under subscription agreements dated 25 June 2019 and the gross proceeds from such issues amounted to HK$130,000,000. After deducting the professional expense, amount of approximately HK$128,694,000 in excess of par value were credited to share premium.

(ii) On 31 December 2019, the Company issued 17,474,735 new ordinary shares of HK$0.01 each, as consideration for the acquisition of an associate. The closing market price of the Company's shares as at 31 December 2019 as quoted on the Stock Exchange was HK$3.78. After deducting the professional expense, amount of approximately HK$65,879,000 in excess of par value were credited to share premium. Details are set out in note 20 to the consolidated financial statements.

34 ACQUISITION OF A SUBSIDIARY

On 2 March 2019, the Group as purchaser, Mao Hong Holding Limited (the "Maohong Vendor") and two guarantors (Mr. Chen Liang and Ms. Chen Zi Jun) entered into sale and purchase agreement pursuant to which the Group shall purchase 51% of the equity interest in Mao Hong for consideration of approximately HK$746,632,000 (the "Maohong Acquisition").

The consideration shall be paid by the Group to the Maohong Vendor as follows:

(i) HK$20,000,000 in cash as deposit;

(ii) HK$540,000,000 by the issuance of the First Promissory Note; and

(iii) the remaining consideration payable by the Group to the Maohong Vendor shall be calculated in accordance with the formula of 2019 audited consolidated net profits after tax but before any minority interests and extraordinary or exceptional items of Mao Hong x 24 x 56.82% x 51% – HK$560,000,000 which shall not exceed HK$230,000,000 and shall be paid by way of the issue of the second promissory note by the Group to the Maohong Vendor (the "Second Promissory Note").

On 9 August 2019, the Maohong Acquisition was completed and this acquisition has been accounted for using the acquisition method.

Mao Hong and its subsidiaries are principally engaged in the provision of third-party payment services.

Fair value of net assets acquired in the Maohong Acquisition, and the goodwill arising, are as follows:

	2019 Fair value HK$'000
Net assets acquired:	
Property, plant and equipment *(Note 16)*	**9,377**
Right-of-use assets *(Note 17)*	**20,370**
Intangible assets	**1,535,339**
Financial assets at fair value through profit or loss	**520**
Deferred tax assets *(Note 22)*	**1,024**
Inventories	**225**
Trade and other receivables	**472,105**
Restricted bank deposits	**432,109**
Bank balance and cash	**39,854**
Trade and other payables	**(658,037)**
Borrowings	**(52,557)**
Lease liabilities	**(21,201)**
Tax payable	**(2,637)**
Deferred tax liabilities *(Note 22)*	**(380,085)**
Net assets	**1,396,406**
Non-controlling interests	**(988,024)**
Goodwill *(Note 19)*	**338,250**
Total consideration	**746,632**

34 ACQUISITION OF A SUBSIDIARY *(Continued)*

	2019 Fair value HK$'000
Total consideration satisfied by:	
Cash	20,000
First Promissory Note — promissory notes payable *(Note 29)*	530,812
Second Promissory Note — contingent consideration payable *(Note)*	195,820
	746,632

Note: The fair value of the Second Promissory Note is measured by discounting the total contractual undiscounted cash outflows of approximately HK$222,169,000, being the aggregate of the principal of approximately HK$216,750,000 and the accrued interest thereon of approximately HK$5,419,000, at the discount rate of 4.74% as determined by the Directors with reference to valuation carried out by an independent external professional qualified valuer, as if it is to be paid on in March 2022, being 2 years after the date of issue of the Second Promissory Note.

As at 31 December 2019, the fair value of contingent consideration payable was changed to approximately HK$205,846,000 (see note 41(c) for details).

	2019 HK$'000
Net cash inflow arising on acquisition:	
Cash consideration paid	(20,000)
Cash and cash equivalents acquired	39,854
	19,854

Goodwill arose in the Maohong Acquisition because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Mao Hong. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Included in the revenue and profit for the year ended 31 December 2019 are approximately HK$295,674,000 (2018: Nil) and approximately HK$80,281,000 (2018: Nil) respectively attributable to the additional business generated by Mao Hong.

Had the acquisition been completed on 1 January 2019, revenue and profit for the year would have been approximately HK$656,456,000 and approximately HK$111,742,000 respectively attributable to additional business generated by Mao Hong and, resulting in revenue and profit for the year of the Group would have been approximately HK$1,091,481,000 and approximately HK$62,563,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2019, nor is it intended to be a projection of future results.

35 COMMITMENTS

(a) Capital commitments

	2019 HK$'000	2018 HK$'000
Capital expenditure in respect of the acquisition of:		
Property, plant and equipment contracted for but not provided in the consolidated financial statements	**11,048**	7,812

(b) Other commitments

	2019 HK$'000	2018 HK$'000
Proposed purchase of land contracted for but not provided in the consolidated financial statements *(Note)*	**6,556**	8,345

Note: On 10 September 2012, the Group entered into a sales and purchase agreement with a company owned by Mr. Yuen Shu Wah, a former director of the Company, to acquire two pieces of land ("Parcel 1" and "Parcel 2") located in the PRC at an aggregate cash consideration of approximately RMB3,367,000 (equivalent to approximately HK$3,843,000). Deposit of approximately RMB673,000 (equivalent to approximately HK$831,000) was paid during the year ended 31 December 2012. The remaining balance of approximately RMB2,694,000 (equivalent to approximately HK$3,075,000) was included as commitment as at 31 December 2018.

Pursuant to supplemental agreement made on 31 December 2019, acquisition of Parcel 2 was terminated and deposit of approximately RMB359,000 (equivalent to approximately HK$401,000) will be refunded. The remaining balance of Parcel 1 of approximately RMB1,255,000 (equivalent to approximately HK$1,401,000) was included as commitment as at 31 December 2019. The acquisition of Parcel 1 had not yet been completed up to 31 December 2019.

On 22 May 2015, the Group entered into a sales and purchase agreement with the People's Government of Luoyang Town, Wujin District, Changzhou City to acquire a piece of land located in the PRC at a cash consideration of approximately RMB6,579,000 (equivalent to approximately HK$7,509,000). Deposit of approximately RMB1,961,000 (equivalent to approximately HK$2,340,000) was paid with the remaining balance of approximately RMB4,618,000 was included as commitment as at 31 December 2018 and 2019, equivalent to approximately HK$5,270,000 and approximately HK$5,155,000 respectively. The purchase of the land had not yet been completed up to 31 December 2019.

36 OPERATING LEASE COMMITMENTS

The Group as lessor

At the end of the reporting period, the Group had contracted with certain subsidiaries of an associate for the following future minimum lease payments under non-cancellable operating leases in respect of rented office and factory premises which fall due as follows:

	2019 HK$'000	2018 HK$'000
Within one year	**1,901**	1,547
In the second to fifth year inclusive	**748**	1,350
	2,649	2,897

Lease was negotiated and monthly rentals were fixed for term of one to two years.

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of office and factory premises under non-cancellable operating leases which fall due as follows:

	2018 HK$'000
Within one year	2,819
In the second to fifth year inclusive	7,635
	10,454

Leases are negotiated and monthly rentals are fixed for term of one to two years.

37 RELATED PARTY TRANSACTIONS

During the year, saved as disclosed elsewhere in the consolidated financial statements, the Group also had the following material transactions with its related parties:

Relationship	Nature of transactions	2019 HK$'000	2018 HK$'000
Subsidiaries of an associate	Sales of goods	**140,573**	117,189
	Management fee income	**7,195**	7,517
	Rental income	**1,640**	1,709
	Transportation fee income	**2,093**	1,582
	Purchase of goods	**13,701**	3,299
	Royalty fee income	**9,783**	6,230
	Dividend received	**–**	9,000
	Testing income	**52**	–
A subsidiary of a non-controlling shareholder	Rental income	**658**	715
	Sales of goods	**15,337**	14,898
	Purchase of goods	**467**	319
A non-controlling shareholder	Purchase of goods	**441**	576
	Interest received	**3,440**	–

37 RELATED PARTY TRANSACTIONS *(Continued)*

Compensation of key management personnel

The remuneration of the executive directors of the Company, who represent the key management personnel of the Group, during the year were as follows:

	2019 **HK$'000**	2018 HK$'000
Short-term employee benefits	**14,457**	4,153
Post-employment benefits	**20**	375
	14,477	4,528

38 RETIREMENT BENEFITS SCHEMES

The Group participates in defined contribution schemes which are registered under the ORSO Scheme and the MPF Scheme established under the MPF Scheme Ordinance in December 2000. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

For members of the MPF Scheme, the Group and the employees contributes 5% of relevant payroll costs to the scheme. The maximum monthly contribution by the Group is limited to HK$1,500 per employee.

The ORSO Scheme is funded by monthly contributions by the Group at 7% of the employee's basic salary.

There are no forfeited contributions at the end of the reporting period which arose upon employees leaving the ORSO Scheme and which was available to reduce the contributions payable in future years.

Employees of the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme operated by the local municipal government. The PRC subsidiaries are required to contribute 10% of the employee payroll to such scheme to fund the retirement benefits of the employees.

The pension scheme contributions for the directors and employees, which have been dealt with in the consolidated statement of profit or loss for the year ended 31 December 2019 are approximately HK$10,577,000 (2018: HK$8,286,000). No forfeited contributions have been applied to reduce the retirement benefits scheme contributions for the year.

39 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings HK$'000	Lease liabilities HK$'000	Promissory notes payable HK$'000	Total HK$'000
At 1 January 2018, 31 December 2018	–	–	–	–
Impact on initial application of HKFRS 16 *(Note 2.2)*	–	9,136	–	9,136
At 1 January 2019	–	9,136	–	9,136
Financial cash flows	500,000	(6,599)	(530,600)	(37,199)
Acquisition of a subsidiary *(Note 34)*	52,557	21,201	530,812	604,570
New leases entered	–	5,320	–	5,320
Interest expenses	–	919	9,179	10,098
Exchange adjustments	(2,323)	(475)	–	(2,798)
At 31 December 2019	550,234	29,502	9,391	589,127

40 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt balance and equity balance. Equity balance consists of equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure on an on-going annual basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new share issues and share repurchase as well as the issue of new debt.

41 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets		
Financial assets at fair value through profit or loss	**511**	–
Financial assets at amortised cost	**1,398,625**	309,694
Financial liabilities		
Amortised costs	**1,376,462**	52,996
Contingent consideration payable	**205,846**	–

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at fair value through profit or loss, trade and other receivables, restricted bank deposits, bank balances and cash, trade and other payables, lease liabilities, borrowings, promissory notes payable and contingent consideration payable. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

(i) Market risk

Currency risk

Several subsidiaries of the Company have foreign currency transactions, which expose the Group to foreign currency risk.

At the end of the reporting period, the carrying amounts of the relevant group entities' foreign currency denominated monetary assets recognised in the consolidated financial statements are as follows:

	2019 HK$'000	2018 HK$'000
United States dollars ("US$")	**5,097**	6,159

41 FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(i) Market risk *(Continued)*

Currency risk (Continued)

Sensitivity analysis

As HK$ is pegged with US$, the Group's currency risk in relation to foreign currency denominated monetary liabilities is expected to be minimal. Therefore, the following sensitivity analysis does not include the effect between US$ and HK$.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate other borrowing, promissory notes payables and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowing. The interest rate risk on bank balance is minimal as the fluctuation of the prevailing market interest rate is insignificant.

The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates basic interest rate set by People's Bank of China arising from the variable-rate bank borrowing. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

(i) Interest income from financial assets that are measured at amortised cost is as follows:

	2019 **HK$'000**	2018 HK$'000
Financial assets at amortised cost	**7,066**	1,482

(ii) Interest expense on financial liabilities not measured at fair value through profit or loss:

	2019 **HK$'000**	2018 HK$'000
Financial liabilities at amortised cost	**16,702**	5

41 FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(i) Market risk *(Continued)*

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For variable-rate bank borrowing, the analysis is prepared assuming the financial instruments outstanding at the end of the reporting period, which amounted approximately HK$50,234,000 (2018: Nil) were outstanding for the whole year. A 100 basis point (2018: 100 basis points) increase or decrease in variable-rate bank borrowing are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the Directors consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 100 basis points (2018: 100 basis points) higher and all other variables were held constant, the post-tax profit for the year ended 31 December 2019 would have decreased by approximately HK$377,000 (2018: Nil). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings. For a 100 basis points lower, there would be an equal and opposite impact on the post-tax profit, and the balances above would be negative.

(ii) Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade receivables, other receivables and deposits, bills receivables and bank balances. The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed annually. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances individually or based on provision matrix and for the other receivables, the ECL on these assets are assessed individually for debtors with significant balances. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk as approximately 18.7% (2018: 16.4%) and approximately 39.5% (2018: 38.5%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

41 FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk and impairment assessment *(Continued)*

Other receivables, deposits and bills receivables

Management of the Group makes periodic collective assessment as well as individual assessment on the recoverability of other receivables and bills receivables based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of bills receivables.

During the year ended 31 December 2019, reversal of impairment of other receivables and deposits of approximately HK$639,000 (2018: Nil) was made.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for approximately 94.1% (2018: 91.0%) of the total trade receivables as at 31 December 2019.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/other items
A–B	The counterparty has a low risk of default and does not have any past-due amounts or repays after due date but usually settle after due date for not more than 90 days	Lifetime ECL — not credit-impaired	12-month ECL
C–D	Debtor frequently repays after due dates but has no default history	Lifetime ECL — not credit-impaired	12-month ECL
E	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Written-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

41 FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk and impairment assessment *(Continued)*

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	2019 Gross carrying amount HK$'000	2018 Gross carrying amount HK$'000
Financial assets at amortised costs						
Trade receivables	24	N/A	*(Note 2)*	Lifetime ECL (provision matrix)	**192,490**	124,869
Other receivables and deposits	24	N/A	*(Note 1)*	12-month ECL	**355,185**	2,260
Bills receivables	24	N/A	*(Note 1)*	12-month ECL	**14,977**	5,878
Restricted bank deposits	25	A1-Ba1	N/A	12-month ECL	**424,285**	–
Bank balances	26	A1-Ba1	N/A	12-month ECL	**420,058**	180,246

Notes:

1. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

2019	Past due HK$'000	Not past due/ No fixed repayment terms HK$'000	Total HK$'000
Other receivables and deposits	–	355,185	355,185
Bills receivables	–	14,977	14,977

2018	Past due HK$'000	Not past due/ No fixed repayment terms HK$'000	Total HK$'000
Other receivables and deposits	–	2,260	2,260
Bills receivables	–	5,878	5,878

During the year ended 31 December 2019, the Group provided approximately HK$639,000 (2018: Nil) reversal of impairment allowance for other receivables and deposits and based on the assessment of the management, the ECL on bills receivables is insignificant (2018: insignificant).

2. For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix, grouped by internal credit rating.

41 FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk and impairment assessment *(Continued)*

Provision matrix — internal credit rating

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its manufacturing and trading of coatings operation and third-party payment operation. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 December 2019 within lifetime ECL (not credit impaired).

Gross carrying amount

	2019		2018	
	Average loss rate	**Trade receivables HK$'000**	Average loss rate	Trade receivables HK$'000
Grades A–B	**3.07%**	**190,523**	2.00%	118,005
Grades C–D	**15.38%**	**1,413**	7.43%	5,752
Grade E	**36.03%**	**554**	69.48%	1,112
		192,490		124,869

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2019, the Group provided approximately HK$4,311,000 (2018: HK$1,541,000) impairment allowance for trade receivables, based on the provision matrix.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) HK$'000
As at 1 January 2018	4,793
Changes due to financial instruments recognised as at 1 January 2018:	
— Impairment losses recognised	1,541
— Written off	(2,567)
Exchange adjustments	(208)
As at 31 December 2018 and 1 January 2019	3,559
Changes due to financial instruments recognised as at 1 January 2019:	
— Impairment losses recognised	4,311
— Written off	(2,034)
Acquisition of a subsidiary	567
Exchange adjustments	(129)
As at 31 December 2019	6,274

41 FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk and impairment assessment *(Continued)*

Gross carrying amount (Continued)

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Trade receivables of approximately HK$2,034,000 (2018: HK$2,567,000) had been written off during the year ended 31 December 2019.

The following tables show the movement in 12m ECL that has been recognised for other receivables and deposits.

	12m ECL HK$'000
As at 1 January 2018, 31 December 2018 and 1 January 2019	–
Changes due to financial instruments recognised as at 1 January 2019	
— Impairment losses reversed	(639)
— Written off	(756)
Acquisition of a subsidiary	3,528
Exchange adjustments	(37)
As at 31 December 2019	2,096

41 FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigates the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities which has been drawn up based on the undiscounted cash flows of the non-derivative financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of reporting period.

	Weighted average interest rate	Within 1 year	1–2 years	2–5 years	After 5 years	Total undiscounted cash flow	Total carrying amount
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 December 2019							
Non-derivative financial liabilities							
Trade and other payables	–	787,335	–	–	–	787,335	787,335
Borrowings	6.97%	86,938	531,836	–	–	618,774	550,234
Lease Liabilities	5.12%	10,482	9,756	10,639	2,122	32,999	29,502
Promissory notes payable	4.76%	9,414	–	–	–	9,414	9,391
Contingent consideration payable	4.96%	–	–	230,440	–	230,440	205,846
		894,169	541,592	241,079	2,122	1,678,962	1,582,308
As at 31 December 2018							
Non-derivative financial liabilities							
Trade and other payables	–	52,996	–	–	–	52,996	52,996

41 FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Certain Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value as at				
Financial assets/ financial liabilities	31 December 2019	31 December 2018	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Unlisted equity shares classified as financial assets at fair value through profit or loss	Unlisted equity shares, HK$511,000	N/A	Level 3	Market comparable companies The key inputs are price-earnings ratio of comparable listed companies and a discount for lack of marketability of 6.5%	Discount for lack of marketability
Contingent consideration payable	Liabilities, HK$205,846,000	N/A	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, based on an appropriate discount rate of 4.96%	Discount rate and the probability for the adjusted profit of Mao Hong

There were no transfers between Level 1 and 2 during both years.

During the year ended 31 December 2019, no change in fair value of equity shares measured at fair value on Level 3 fair value.

At 31 December 2019, the only financial liability subsequently measured at fair value on Level 3 fair value measurement represents contingent consideration payable relating to the acquisition of Mao Hong (Note 34). During the year ended 31 December 2019, loss in change of fair value amounted to approximately HK$10,026,000 (Note 8), relating to contingent consideration payable has been recognised in profit or loss.

41 FINANCIAL INSTRUMENTS *(Continued)*

(d) Fair value of the Group's financial assets and financial liabilities that are measured at amortised cost

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using discounted cash flows analysis. The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statement approximate their fair values.

42 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	As at 31 December 2019 HK$'000	As at 31 December 2018 HK$'000
Non-current assets		
Property, plant and equipment	**107**	–
Right-of-use assets	**4,061**	–
Unlisted investment in subsidiaries	**130,174**	130,096
Amounts due from subsidiaries	**36,108**	54,108
	170,450	184,204
Current assets		
Other receivables	**1,891**	4
Amounts due from subsidiaries	**254,923**	–
Bank balances and cash	**701**	81,557
	257,515	81,561
Current liabilities		
Other payables	**4,957**	4,425
Lease liabilities	**1,111**	–
	6,068	4,425
Net current assets	**251,447**	77,136
Total assets less current liabilities	**421,897**	261,340
Non-current liability		
Lease liabilities	**3,243**	–
Net assets	**418,654**	261,340
Capital and reserves		
Share capital	**6,631**	6,000
Reserves	**412,023**	255,340
Total equity	**418,654**	261,340

42 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

Details of the movements in the Company's reserve are set out below:

	Share premium HK$'000	Other reserve *(Note)* HK$'000	(Accumulated losses)/ retained earnings HK$'000	Total HK$'000
At 1 January 2018	133,883	118,994	3,689	256,566
Profit and total comprehensive income for the year	–	–	25,774	25,774
Dividend paid *(Note 14)*	(3,077)	–	(23,923)	(27,000)
At 31 December 2018 and 1 January 2019	130,806	118,994	5,540	255,340
Profit and total comprehensive income for the year	–	–	(37,890)	(37,890)
Issue of shares *(Note 33)*	194,573	–	–	194,573
At 31 December 2019	325,379	118,994	(32,350)	412,023

Note: The other reserve was resulted from group restructuring carried out in prior years.

43 SUBSEQUENT EVENT

Due to the outbreak of the novel coronavirus ("COVID-19") epidemic since January 2020, the Group's operational and financial performance are expected to be affected by the epidemic in 2020. The Group will keep continuous attention on the situation of the COVID-19, assess and react actively to its impacts on the financial position and operating results of the Group. Up to the date of issue of these consolidated financial statements, the assessment is still in progress.

44 MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2019, 17,474,735 new ordinary shares was issued at fair value of approximately HK$66,054,000 by reference to the quoted price of HK$3.78 per share for the acquisition of an associate. Details are set out in the note 20.

During the year ended 31 December 2019, part of the consideration for the acquisition of a subsidiary comprised promissory notes payable and contingent consideration payable. Details are set out in the note 34.

45 PARTICULARS OF SUBSIDIARIES

Name of subsidiaries	Place and date of incorporation/ establishment	Country/ place of operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group as at 2019	2018	Principal activities
Rookwood Investments Limited	BVI 18 October 2000	Hong Kong	US$10,000	**100%**	100%	Investment holding
Manfield Coatings Company Limited	Hong Kong 6 June 1986	Hong Kong	HK$1,000 Ordinary shares HK$32,000,000 Non-voting class A shares *(note i)*	**100%**	100%	Investment holding and trading of coatings
Manfield Chemical Limited	Hong Kong 15 August 1989	Hong Kong	HK$10,000	**100%**	100%	Investment holding
Manfield Chemical Investment Limited	Hong Kong 4 October 2017	Hong Kong	HK$1	**100%**	100%	Not yet commenced business
Manfield Coatings Vietnam Company Limited *(Note (vii))*	Vietnam 12 November 2019	Vietnam	US$1,000,000	**100%**	–	Not yet commenced business
Springfield Chemical Company Limited	Hong Kong 11 March 2005	Hong Kong	HK$1	**100%**	100%	Investment holding
深圳松輝化工有限公司 Shenzhen Pinefield Chemical Enterprises Company Ltd *(Notes (ii) and (iv))*	The PRC 19 June 1990	The PRC	US$5,500,000 Paid-up registered capital	**100%**	100%	Manufacturing of coatings
Manfield Changzhou *(Notes (ii) and (iv))*	The PRC 17 January 2007	The PRC	HK$55,000,000 Paid-up registered capital	**60%**	60%	Manufacturing of coatings
Manfield GZ *(Note (ii))*	The PRC 12 March 2009	The PRC	RMB130,000,000 (2018: RMB100,000,000) Paid-up registered capital	**100%**	100%	Manufacturing of coatings
蘇州科思特塗料有限公司 Suzhou Kesite Coatings Company Limited *(Notes (iii) and (iv))*	The PRC 10 June 2010	The PRC	RMB3,000,000 Paid-up registered capital	**100%**	100%	Trading of coatings
福州艾薩商貿有限責任公司 Fuzhou Aisa Trading Company Limited *(Notes (iii) and (iv))*	The PRC 4 April 2014	The PRC	RMB1,000,000 Paid-up registered capital	**65%**	65%	Not yet commenced business
PAD LYGR Limited *(Note (vii))*	BVI 5 November 2019	BVI	US$10,000	**100%**	–	Investment holding
Pan Asia Data (BVI) Inc. *(Note (vii))*	BVI 8 January 2019	BVI	US$1	**100%**	–	Investment holding
Pan Asia Data HK Limited *(Note (vii))*	Hong Kong 22 February 2019	Hong Kong	HK$10,000	**100%**	–	Investment holding
Mao Hong *(Note (vi))*	BVI 18 January 2019	BVI	US$100	**51%**	–	Investment holding
Mao Hong Information Technology (Hong Kong) Limited *(Note (vi))*	Hong Kong 19 February 2019	Hong Kong	HK$1	**51%**	–	Provision of information technology services
上海勝江信息科技有限公司 Shanghai Shengjiang Information Technology Company Limited ("Shanghai Shengjiang") *(Notes (ii), (iv) and (vi))*	The PRC 26 July 2019	The PRC	HK$10,000,000 Paid-up registered capital	**51%**	–	Provision of information technology services

45 PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiaries	Place and date of incorporation/ establishment	Country/ place of operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group as at 2019	2018	Principal activities
上海懋宏信息科技有限公司 Shanghai Maohong Information Technology Company Limited ("Shanghai Maohong") *(Notes (iii), (iv), (v) and (vi))*	The PRC 29 June 2015	The PRC	RMB27,700,000 Paid-up registered capital	**51%**	–	Provision of information technology services
上海得仕控股有限公司 Shanghai Day's Holdings Company Limited *(Notes (iii), (iv) and (vi))*	The PRC 21 January 2009	The PRC	RMB100,000,000 Paid-up registered capital	**51%**	–	Investment holding
得仕股份有限公司 Day's Enterprise Company Limited *(Notes (iii) and (vi))*	The PRC 25 October 2006	The PRC	RMB150,000,000 Paid-up registered capital	**28.98%**	–	Provision of third-party payment services
利是（上海）信息科技有限公司 Lishi (Shanghai) Information Technology Company Limited *(Notes (iii), (iv) and (vi))*	The PRC 18 October 2017	The PRC	RMB3,100,000 Paid-up registered capital	**28.98%**	–	Provision of employee benefit service
上海得仕網路科技有限公司 Shanghai Day's Information Technology Company Limited *(Notes (iii), (iv) and (vi))*	The PRC 24 April 2008	The PRC	RMB5,000,000 Paid-up registered capital	**28.98%**	–	Provision of payment-related software maintenance service

Notes:

(i) The non-voting class A shares practically carry no rights to dividends, no rights to attend or vote at general meetings and no rights to receive any surplus assets in a return of capital in a winding-up.

(ii) The companies are registered in the form of wholly owned foreign enterprises.

(iii) The companies are registered in the form of domestic limited liability company.

(iv) English translated name is for identification purpose only.

(v) Shanghai Maohong is a limited liability company established under the laws of the PRC and under the legal ownership of two independent third parties nominated by the Company (the "VIE Equity Owners"). Shanghai Shengjiang, an indirect subsidiary of the Company, Shanghai Maohong and the VIE Equity Owners entered into certain structured contracts namely, the Exclusive Technology Consulting and Services Agreement, the Exclusive Call Option Agreement, the Equity Interest Pledge Agreements, the Powers of Attorney and the Spousal Consent Letters (together, as "VIE Contracts"). The VIE Contracts provide the Group through Shanghai Shengjiang with effective control over Shanghai Maohong.

(vi) These companies were acquired on 9 August 2019 (Note 34).

(vii) These companies were newly incorporated during the year ended 31 December 2019.

None of the subsidiaries has issued any debt securities at the end of the year.

45 PARTICULARS OF SUBSIDIARIES *(Continued)*

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) attributed to non-controlling interests		Accumulated non-controlling interests	
		2019	2018	**2019**	2018	**2019**	2018
		HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Mao Hong	BVI	**49%**	–	**56,108**	–	**1,026,229**	–
Individually immaterial subsidiary with non- controlling interests	N/A	**N/A**	N/A	**(1,697)**	(1,195)	**10,395**	12,330
				54,411	(1,195)	**1,036,624**	12,330

Summarised financial information in respect of Mao Hong that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations:

Mao Hong and its subsidiaries	**HK$'000**
As at 31 December 2019	
Current assets	**1,067,048**
Non-current assets	**1,516,681**
Current liabilities	**(747,599)**
Non-current liabilities	**(385,676)**
Net assets of Mao Hong	**1,450,454**
Equity attributable to:	
— Owners of the Company	**424,225**
— Non-controlling interest of Mao Hong	**407,588**
— Non-controlling interest of Mao Hong's subsidiaries	**618,641**
	1,450,454
For the year ended 31 December 2019	
Revenue	**295,674**
Expenses	**(215,393)**
Profit for the year	**80,281**
Profit for the year attributable to:	
— Owners of the Company	**24,173**
— Non-controlling interests of Mao Hong	**23,225**
— Non-controlling interests of Mao Hong's subsidiaries	**32,883**
	80,281
Other comprehensive expense for the year attributable to:	
— Owners of the Company	**(8,331)**
— Non-controlling interests of Mao Hong	**(8,004)**
— Non-controlling interests of Mao Hong's subsidiaries	**(9,898)**
	(26,233)
Net cash inflow from operating activities	**195,675**
Net cash inflow from investing activities	**3,963**
Net cash outflow from financing activities	**(8,983)**
Net cash inflow	**190,655**

FINANCIAL SUMMARY

	For the year ended 31 December				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**730,699**	426,346	374,161	396,172	331,572
(Loss)/profit for the year attributable to					
Owners of the Company	**(23,309)**	8,563	6,105	41,603	44,305
Non-controlling interests	**54,411**	(1,195)	(2,914)	404	(360)
	31,102	7,368	3,191	42,007	43,945

	As at 31 December				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**3,772,833**	670,234	710,611	687,025	684,209
Total liabilities	**(1,980,824)**	(56,254)	(55,249)	(49,755)	(42,381)
	1,792,009	613,980	655,362	637,270	641,828
Equity attributable to owners of the Company	**755,385**	601,650	641,229	621,234	625,113
Non-controlling interests	**1,036,624**	12,330	14,133	16,036	16,715
	1,792,009	613,980	655,362	637,270	641,828